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# ***Daily Report***

## **China**

FBIS-CHI-92-018  
Tuesday  
28 January 1992

# Daily Report

## China

FBIS-CHI-92-018

### CONTENTS

28 January 1992

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

Reportage on Opening of Mideast Peace Talks .....	1
PLO on Route to Moscow [XINHUA] .....	1
Further on Conference [XINHUA] .....	1
XINHUA Views Speech by Baker .....	1
Yang Fuchang Outlines Stance [XINHUA] .....	2
Israel Urges 'Cooperation' With Arabs [XINHUA] .....	3
Talks Open Without Palestinians [XINHUA] .....	4
XINHUA Analyzes Russian Role .....	4
'News Analysis' on Japan-U.S. Relations [XINHUA] .....	5
Article Discusses World Political Structure [GUANGMING RIBAO 30 Dec] .....	6
Pakistan Leader, U.S. Chief View Nuclear Stance [XINHUA] .....	7
G-7 Meeting Ends With 'No Concerted Proposals' [XINHUA] .....	7
Environment, Development Council To Be Established [CHINA DAILY 24 Jan] .....	8

##### Central Eurasia

Russian Spokesman Denies Taiwan Arms Sale Talks [XINHUA] .....	8
Du Xianzhong Meets Russian Beet Researchers [HEILONGJIANG RIBAO 23 Dec] .....	8
Belarussian Prime Minister Visits Guangdong [XINHUA] .....	9
Article on CIS Political, Economic 'Problems' [Hong Kong LIAOWANG OVERSEAS EDITION 20 Jan] .....	9

##### Northeast Asia

DPRK, Japan To Hold Talks in Beijing [XINHUA] .....	11
Fujian Project Attracts Japanese Investors [XINHUA] .....	11
Japanese Premier Urges Approval of UN Troops [XINHUA] .....	11
Sino-Mongolian Joint Venture Built in Ulaanbaatar [XINHUA] .....	12

##### Southeast Asia & Pacific

Li Peng Greet Fourth ASEAN Summit Opening [XINHUA] .....	12
Criminal Deportation Policy Extended to Vietnam [XINHUA] .....	12
Border City Develops as Vietnamese Ties Improve [XINHUA] .....	13

##### Near East & South Asia

Yang Shangkun, Li Peng Greet Indian Counterparts [Beijing International] .....	13
Iranian Official Reaffirms Bilateral Ties [Beijing Radio] .....	13
XINHUA Foresees Water 'Crisis' in Mideast .....	14

##### West Europe

Li Peng in Italy for Talks on Bilateral Relations .....	15
Li, Qian Meet Counterparts [Beijing Radio] .....	15
Economic, Cultural Agreements Signed [XINHUA] .....	15
Further on Agreements [XINHUA] .....	15
Discuss Trade, Economic Cooperation [XINHUA] .....	15



De Michelis: Li's Visit 'Important' [XINHUA] .....	16
Andreotti: Trip of 'Great Significance' [XINHUA] .....	16
De Michelis Holds Talks With Qian [XINHUA] .....	17
Prime Minister Hosts Banquet for Li [XINHUA] .....	18
'Major Common Interests' Exist [XINHUA] .....	18
Li Thanks Parliamentary Speakers [XINHUA] .....	19
Meets Italian President Cossiga [XINHUA] .....	19
Switzerland's Felber Previews Li Peng's Visit [XINHUA] .....	19
Li Calls for 'Developing' European Ties [CHINA DAILY 28 Jan] .....	20
German Bundestag Delegation Visits Beijing .....	20
Meets NPC Vice Chairman [XINHUA] .....	20
Hamburg DPA Reports Arrival .....	21
Meets Vice Premier Zhu Rongji [XINHUA] .....	21
Discusses Cooperation With Jiang [XINHUA] .....	21

## NATIONAL AFFAIRS

### Political & Social

Bao Tong Reportedly To Be 'Scapegoat' for Zhao [Hong Kong THE STANDARD 28 Jan] .....	22
Deng's, Yang's Inspection of Special Zones Viewed .....	22
'Sense of Urgency' on Reform Instilled [Hong Kong WEN WEI PO 28 Jan] .....	22
'More Open' Policy Seen [Hong Kong WEN WEI PO 28 Jan] .....	23
Daughter Helps Deng To Walk, Hear in Shenzhen [Hong Kong TA KUNG PAO 28 Jan] .....	24
Reports on Jiang Zemin Inspection Tours, Comments .....	24
Views Shanghai's Infrastructure [JIEFANG RIBAO 21 Jan] .....	24
In Nanjing 18-25 Jan [XINHUA] .....	26
Tian Jiyun in Hainan; Notes 'Urgency' of Opening [XINHUA] .....	27
CPC 'Senior Person' on Need for Further Reform [Hong Kong TA KUNG PAO 28 Jan] .....	27
Chen Yun Reportedly Challenges Deng Xiaoping [Hong Kong CHENG MING 1 Feb] .....	28
Commentator Discourages Formal Activities [XINHUA] .....	31
Dissident's Wife Appeals for 'Due Process' [AFP] .....	31
Former Culture Minister Wang Meng at Art Festival [AFP] .....	32

### Science & Technology

Qinshan Nuclear Power Station Profiled .....	33
Part 1 [RENMIN RIBAO OVERSEAS EDITION 20 Dec] .....	33
Part 2 [RENMIN RIBAO OVERSEAS EDITION 21 Dec] .....	35
Plant Designer on Safety Issues [ZHONGGUO XINWEN SHE] .....	38

### Economic & Agricultural

MOFERT Rescinds Import License Requirements [CHINA DAILY 28 Jan] .....	39
Zou Jiahua Article on State Enterprise Management [QIUSHI 16 Dec] .....	39
Article Views Course of Rural Economic Reform [RENMIN RIBAO 28 Dec] .....	46

## REGIONAL AFFAIRS

### East Region

Lu Rongjing Attends Spring Fete for Scientists [Hefei Radio] .....	51
Mao Zhiyong, Wu Guanzheng on Aquatic Products [Nanchang Radio] .....	51
Jiang Chunyun Addresses Bank Presidents' Meeting [Jinan Radio] .....	52
Shandong Enterprises Reduce Inventory Sizes [Jinan Radio] .....	52
Dozen Oil, Gas Pools Found in Shengli Oil Field [DAZHONG RIBAO 21 Dec] .....	52

### Central-South Region

Hainan Vice Governor Tours Nansha Islands [XINHUA] .....	52
Li Changchun Solicits Opinions on Government Work [Zhengzhou Radio] .....	53

Guan Guangfu on Agricultural Foreign Capital Use [Wuhan Radio] .....	53
Chen Bangzhu Addresses Personnel Work Conference [Changsha Radio] ..	54

**Southwest Region**

Yang Rudai Addresses Provincial CPPCC Meeting [Chengdu Radio] .....	54
Leader Speaks at Bank's Anniversary Reception [Lhasa TV] .....	55
Gyaincain Norbu Addresses Advanced Deeds Meeting [Lhasa TV] .....	55

**North Region**

Wang Qun on Nationalities Work Guidelines [Hohhot Radio] .....	56
Spanish Loans Used To Import Telephone Systems [Hohhot Radio] .....	57
Tianjin Secretary Tan Shaowen Visits PLA Units [Tianjin Radio] .....	57

**Northeast Region**

Heilongjiang's 1991 Major Economic Tasks Reviewed [HEILONGJIANG RIBAO 21 Dec] .....	58
Dai Suli, Quan Shuren at Work Conference Closing [Shenyang Radio] .....	58
Yue Qifeng at Economic Reform Conference Closing [Shenyang Radio] .....	59

**Northwest Region**

Gu Jinchi, Jia Zhijie Attend Planning Meeting [Lanzhou Radio] .....	59
Jia Zhijie Meets With Japanese Businessmen [Lanzhou Radio] .....	60
Song Hanliang Addresses Regional Party Committee [XINJIANG RIBAO 8 Jan] .....	60

**TAIWAN**

Li Teng-hui Meets South Korean Envoy 28 Jan [CNA] .....	69
Economics Minister Departs for U.S. Visit [CNA] .....	69
Manglapus: Philippines Favors Admission to GATT [CNA] .....	69
Increased Competition With Mainland Predicted [Taipei Radio] .....	69
Minister on 'Obstacle' to 'Common Economic Sphere' [CNA] .....	70
Fair Trade Commission Inaugurated; Chairman Named [CNA] .....	70
Economy Showed 'Steady Growth' in December [CNA] .....	70

## General

### Reportage on Opening of Mideast Peace Talks

#### PLO on Route to Moscow

OW2701194692 Beijing XINHUA in English  
1926 GMT 27 Jan 92

[Text] Tunis, January 27 (XINHUA)—Two senior officials of the Palestine Liberation Organization (PLO) left for Moscow early today for talks with the American, Russian and Arab delegations on expanding Palestinian representation at the multilateral negotiations due to start Tuesday.

A Palestinian source here told XINHUA that after meetings that ended at 02:00 a.m. today, the PLO leadership decided to send Yasir 'Abd-Rabbuh and Sulayman al-Najjab, both members of the PLO Executive Committee to Moscow for the talks.

The PLO demands that the Palestinian delegation to the Moscow negotiations should include representatives of Palestinians living both inside and outside the occupied territories, including East Jerusalem.

It is only Palestinian residents of the West Bank and Gaza Strip who were represented at the previous rounds of Arab-Israeli peace talks that started in late October last year.

The PLO said Palestinians will refuse to participate in the Moscow multilateral negotiations if the Palestinian delegation does not include representatives of Palestinians living both inside and outside the occupied territories, the source said.

The source added, "we can make no more concessions because we have already made many of them while the Israeli side has made no concessions at all."

The Palestinian source said that Palestinian President Yasir Arafat Sunday received a message from the leadership of the Russian Federation who is in place of the former Soviet Union as a cosponsor of the Moscow peace negotiation.

In the message, the Russian leadership asked the PLO to agree to the participation of a Palestinian delegation in the Moscow multilateral negotiations. The PLO said in reply that it would send emissaries to Moscow to discuss the matter.

Syria and Lebanon have declared that they will not participate in the Moscow talks, while the Jordanian and Israeli delegations have arrived in Moscow for the multilaterals.

#### Further on Conference

OW2801072692 Beijing XINHUA in English  
0708 GMT 28 Jan 92

[By Li Zhurun]

[Text] Moscow, January 28 (XINHUA)—The Moscow conference on Middle East regional problems opened here this morning.

Delegates from 20 countries and parties are attending, sitting at a rectangle table in the Main Hall of the House of Unions in downtown Moscow, a grey structure reserved for important official events.

Aside from the sponsors, the United States and Russia in place of the former Soviet Union, participants include not only Middle East countries involved in the Arab-Israeli conflict, but also China, Canada, Japan and Turkey which have broad ties with the Middle East.

The European Community is represented by its current chairman, Portuguese Foreign Minister Joao de Deus Pinheiro. Also attending are representatives of the Gulf Cooperation Council, the Arab Maghreb Union and the European Free Trade Association.

The Palestinians are attending through a joint delegation with the Jordanians, in the same format as the Madrid parley.

U.S. Secretary of State James Baker and Russian Foreign Minister Andrei Kozyrev co-chair today's session, during which delegation heads are each given ten minutes to present their countries' cases.

But on Wednesday, participants will be divided into four groups to decide when and where to start multilateral talks on arms control and regional security, economic cooperation, water and environment.

The four committees expected to emerge from the meeting will serve as the institutional basis for continuing the multilateral talks. Speaking at a press conference on Monday, Kozyrev expressed hope that this would help promote the Arab-Israeli bilateral talks started in Madrid and continued in Washington.

Palestinian sources here told XINHUA that the Palestinian delegation will speak on the refugee problem at today's session. The issue was initially planned for the Moscow parley but was later waived.

Jordanian officials said that their delegation will support the Palestinians if they raise the refugee problem at the Moscow conference.

#### XINHUA Views Speech by Baker

OW2801085792 Beijing XINHUA in English  
0838 GMT 28 Jan 92

[By Yu Dabo]

[Text] Moscow, January 28 (XINHUA)—U.S. Secretary of State James Baker said here today he felt encouraged by the Mideast peace process that "is now well underway" on the basis of U.N. Security Council Resolutions 242 and 338.

In a speech opening the multilateral talks, Baker cautioned that "hurdles and challenges" lie ahead, but he said that "we are moving, and that is key."

"And such a process of direct engagement—a process designed to lead to comprehensive peace on the basis of United Nations Security Council Resolutions 242 and 338," he said.

The two resolutions stipulate the Israeli withdrawal from the occupied Arab territories as the basis for ending the Arab-Israeli conflict.

"We must crawl before we can walk and we must walk before we can run," Baker said, refuting reports that the Mideast peace process was not moving.

"Multilateral talks on regional issues will send a powerful signal that all parties are unequivocally committed to peace and reconciliation," Baker said.

The talks, the third phase of Arab-Israeli peace negotiations with the participation of most Mideast countries as well as the EC, China, Canada and Japan, will address such regional issues as disarmament and security, economic cooperation, water resources and environment, according to the previously announced agenda.

"We are here to organize ourselves in preparation for a process that with time will address issues common to all the peoples of the Middle East," Baker said.

He pointed to the possibility for resolving the issues that "currently divide governments and peoples," saying that "there are real ties that bind the peoples of the Middle East together."

But Baker said the multilateral conference in Moscow "is in no way a substitute for what we are trying to promote in the bilateral negotiations."

"Only the bilateral talks can address and one day resolve the basic issues of territory, security and peace which the parties have identified as the core elements of a lasting and comprehensive peace between Israel and its Arab neighbors," he noted.

Baker underscored the importance of addressing the regional issues. "It would be tragic and irresponsible to put these problems of real and profound human need on hold while waiting for peace to come," he said.

He did not rule out the issue of refugees from the conference agenda. The issue had been dropped from the agenda two days before the conference opened.

"Almost all of the conflicts that punctuate the history of the Middle East have been the occasion of a substantial number of individuals leaving their homes," he said.

But he added that "it is not our objective to ascribe cause or attribute responsibility for the refugee problem."

Baker listed the other regional issues that need to be addressed right now as economic development, the environment, water and arms control and security.

He said these issues are inter-related. "Military spending has crowded out development," while the lack of reliable supplies of water resources could affect a fundamental security, he said.

Baker suggested a approach to curb arms control in the Mideast. The formula includes "a set of confidence-building or transparency measures covering notifications of selected military-related activities and crisis-prevention communications."

"We would hope to see the level of conventional arms reaching the region greatly diminished and weapons of mass destruction eliminated," he said.

Baker outlined measures to promote regional economic development, among them, the attention of interested parties on the urgent economic needs of the West Bank and Gaza Strip under the occupation of Israel.

He warned of the danger of "daunting environmental challenges" coming from groundwater contamination to oil spills.

These challenges "are mounting daily under the twin pressures of population growth and industrialization," he said.

#### Yang Fuchang Outlines Stance

OW2801133192 Beijing XINHUA in English  
1318 GMT 28 Jan 92

[Text] Moscow, January 28 (XINHUA)—Chinese Vice Foreign Minister Yang Fuchang said here today that China's participation in the Moscow conference to organize multilateral talks on Middle East problems indicated the country's support for the Middle East peace process.

Speaking at the opening session of the conference, Yang reviewed developments in the peace process since the Madrid peace parley late last October.

He said, "It is for the purpose of giving support to the Middle East peace conference and helping to bring about a positive result of the peace talks that the Chinese delegation has come to this meeting."

Although no progress had yet been made on the substantive issues, "as long as the parties concerned cherish a desire for a settlement and resolve not to let slip this historic opportunity, and they work persistently together with a flexible and pragmatic approach, willing to seek common ground and increase mutual understanding, they will be able to gradually find solutions to the problems confronting them."

On China's stand on the Middle East conflict as a whole, Yang called for a political solution based on U.N. Security Council Resolutions 242 and 338.



A comprehensive and just solution to the Middle East question, he said, "should include three basic elements, namely, the return of the occupied Arab territories, the restoration of the legitimate national rights of the Palestinian people, and respect for and guarantee of the sovereignty and security of all countries in the Middle East, including Israel."

In order that the Middle East peace talks might proceed smoothly, he continued, "it is vitally important that effective steps be taken to ease tension and create a climate for reconciliation. We believe that Israel, in response to the popular demand of the international community, should refrain from establishing further settlements in the occupied Arab territories, stop deporting Palestinian civilians and let those already deported return to their homes."

Yang outlined China's position on the various subjects to be covered by the multilateral talks.

On arms control and disarmament, he said, "a country's armaments should be used only for the legitimate purposes of self defense. Trying to acquire an armament level that is beyond one's reasonable defense needs would be detrimental to peace and security in the region and have an adverse impact on its socio-economic development."

Therefore, he said, a stable balance at a lower armament level in the Middle East, if realized, would be in the fundamental interests of the countries and peoples in the region. "We agree that just, reasonable, comprehensive and balanced arms control and disarmament should be achieved through consultations and negotiations among the Middle East countries.

"At the same time, countries outside the region should exert their influence and play their roles in a constructive way. They should respect the propositions of the Middle East countries and support and co-ordinate with their efforts."

He said, "China supports the proposition to turn the Middle East into a zone free of nuclear weapons and weapons of mass destruction. China has long undertaken not to use or threaten to use nuclear weapons against non-nuclear-weapon countries or nuclear-weapon-free zones. We hope that the other nuclear-weapon states will do the same."

On regional economic cooperation, he said, "All Middle East countries irrespective of their size, wealth and level of economic development, have the right to participate in regional economic affairs. In case of disputes, they should seek to resolve them properly in accordance with the relevant provisions of international law and the principle of friendly consultation.

"Countries outside the region should not attach any political conditions when providing aid to or conducting economic and technical cooperation with countries in the region."

The Chinese minister, noting the serious environmental problems in the region, called for coordinated and concerted actions to tackle these problems.

He said, "All countries in the region have the right and duty to participate in environmental protection. While deciding on their own strategies for environmental protection in the light of their national conditions, countries in the region should take into account the interests of neighboring countries, there should be co-ordinated and concerted actions, with countries participating on an equal footing, and mutually beneficial cooperation in the field of environmental protection."

Yang described the refugee problem as "a grave reality facing the Middle East and the international community as a whole." He said "The international community has expressed widespread sympathy for the plight of the Palestinians. [no closing quotation marks as received]

#### Israel Urges 'Cooperation' With Arabs

OW2801100992 Beijing XINHUA in English  
0918 GMT 28 Jan 92

[By Li Zhurun]

[Text] Moscow, January 28 (XINHUA)—Israel today proposed "extensive cooperation" with its Arab neighbors in social and economic development.

Speaking at the opening session of the Moscow conference to organize multilateral talks on Middle East problems, Israeli Deputy Prime Minister and Foreign Minister David Levi said that his country "is speaking of practical, feasible plans" for cooperation.

The proposals include offer by Israel of its experience in water-saving irrigation, transport of water within the region, and desalination of sea water.

Israel depends on the occupied West Bank for 40 percent of its water supplies, hence its reluctance to give up the Arab territories under its occupation since 1967. A senior member of the Israeli delegation told XINHUA that on the issue of water rights, Israel would not move unilaterally.

According to Levi, Israel also proposes cooperation in eradicating plant and animal diseases.

Moreover, Levi said, Israel hopes for cooperation with Saudi Arabia, Jordan and Egypt in developing the Gulf of Aliat-Aqaba along which the four countries lie.

The Jewish state raised the proposal for developing the Gulf of Aqaba a long time ago but the response so far has been cool. Saudi Arabia, for example, has kept silent all the time.

Levi did not say what Israel, believed to be the only Middle East country with a nuclear arsenal, is going to do with arms control, an important topic to be covered by the multilateral talks expected to start after the Moscow meeting.

Meanwhile, he alleged that "in the past decade alone, up to 1990, Arab countries have allocated over 500 billion U.S. dollars for armament and other military expenditures."

But he did not mention how much Israel had spent in this respect.

Levi's seven-page, ten-minute speech contained only one sentence about the refugee problems. "Let us work together to rehabilitate the refugees," he said, without specifying how.

The Arabs accuse Israel of denying the right of the Palestinian refugees to return to their homelands under Israeli occupation. Israel, however, countercharges by citing what it calls a "hostile population" in the West Bank and Gaza Strip.

Neither did Levi mention settlement building in the occupied territories, which the international community demands to halt.

Instead, he said that among the Jewish immigrants from the Soviet Union there are thousands of doctors and ask Arab countries to share their expertise.

#### Talks Open Without Palestinians

OW2801115692 Beijing XINHUA in English  
1110 GMT 28 Jan 92

[Text] Moscow, January 28 (XINHUA)—The Mideast multilateral talks opened here today, but without the participation of the Palestinian delegates.

The Palestinian absence clouded the prospects for the success of the talks, the third phase of the Arab-Israeli peace negotiations.

Palestinian sources told XINHUA on condition of anonymity that the Palestinian delegates did not attend the opening session mainly because of the dispute over the makeup of their delegation.

The Palestinians insist on participating in the talks as an independent delegation. But Israel as well as the United States and Russia, co-sponsors of the talks, said the formula of the Madrid peace conference should be applied to the multilateral talks, meaning that the Palestinians form a joint delegation with Jordan as they did in last year's Madrid peace conference.

The Palestinians also want their delegation to include members from East Jerusalem and the diaspora.

Israel rejects that, saying such participation would cast doubt over its claim to the predominantly Arab East Jerusalem, which the Jewish state seized in the 1967 Middle East war and later annexed.

The current Palestinian team only comprises those from the Israeli-occupied West Bank and Gaza Strip.

Days before the multilateral talks opened, a dispute also arose concerning the withdrawal of the refugee issue

from the multilateral conference. The officially announced agenda included only four regional issues—disarmament and security, economic development, water and environment.

The Palestinians want the meeting to stress the issue that concerns the estimated 3 million Palestinian refugees among the 5.5 million Palestinians scattered around the world.

But in today's opening speech, U.S. Secretary of State James Baker said the refugee issue would be among the other regional issues to be addressed at the conference.

His remarks demonstrated a change in the previous conference agenda.

"Almost all of the conflicts that punctuate the history of the Middle East have been the occasion of a substantial number of individuals leaving their homes," Baker said.

He said five working groups will be set up to deal with five regional issues, with one in charge of the refugee problem.

The Palestinian delegates arrived late Monday. Their arrival was delayed by the dispute over the makeup of their delegation.

One day earlier, Yasir 'Abd-Rabbuh, a Palestine Liberation Organization executive committee member, said in Tunis that the Palestinians would stay away from the conference because it was "inopportune" for them to take part.

#### XINHUA Analyzes Russian Role

OW2701175292 Beijing XINHUA in English  
1657 GMT 27 Jan 92

[By Li Zhurun]

[Text] Moscow, January 27 (XINHUA)—Russian officials indicated today that Russia, in place of the former Soviet Union, will strive to be an "honest broker" in the region's peace process.

"Russian diplomats will seek to promote the (peace) process and help create the climate of trust and confidence in the region," Vladimir Petrovskiy, a top organizing official for the Moscow conference on the Middle East, told a press conference.

In a related development, the TASS News Agency quoted Russian Foreign Minister Andrey Kozyrev as saying that Russia "is prepared to play the role of an honest broker in settling the Middle East problem."

Kozyrev made the remarks when meeting with Israeli Foreign David Levi, who arrived here Sunday night from Beijing after signing an accord on establishing diplomatic relations between Israel and China.

Petrovskiy is chairman of the Russian Foreign Ministry Commission for the Preparation of the Arab-Israeli



Working Meeting, or head of the preparatory committee for the Moscow parley scheduled to open Tuesday.

"The Middle East has always been in the focus of our attention because of its geographic situation and historical ties. Today, objective strategic interests are supplemented by Russia's economic interest," Petrovskiy said.

During the one-hour press conference, Petrovskiy repeatedly stated Russia's resolve to cooperate with the United States in an effort to keep the peace process moving. The U.S. has repeatedly pledged to be an "honest broker" in resolving the Arab-Israeli conflict.

One day before the Moscow parley opens, he said, the co-chairmen of the conference, the United States and Russia, are expecting more than 20 countries and parties to attend.

According to the official, 26 invitations were sent out, not only to those involved in the Arab-Israeli conflict, but also to those outside the region which have broad ties with the Middle East, including China, Japan, Canada and Turkey, as well as the European Community and the European Free Trade Association.

The Gulf Cooperation Council (GCC) and the Arab Maghreb Union (AMU) will also attend the meeting. The GCC groups six oil-rich gulf states and the AMU, five Arab states in Africa.

Meanwhile, he noted that among those invited, it is not clear whether Algeria and Yemen will participate at the conference.

As regards the Palestinians, he said that the PLO leadership in Tunis has approved their participation through a joint delegation with the Jordanians, following the same format as the Madrid conference late last October.

"There will be one joint delegation with two groups—the Palestinian and the Jordanian," he added.

Syria and Lebanon have decided not to attend the Moscow meeting. "we are sorry for that but we respect decisions taken by Damascus and Beirut," he said.

However, he added, the two countries would be welcome whenever they decide to join in the multilaterals after the Moscow parley.

Syria has indicated that it will not participate in the multilateral talks before Israel makes territorial concessions. Lebanon has followed suit.

Petrovskiy noted with "satisfaction" with the "broad participation" at the Moscow conference, saying that 17 countries will be represented by their foreign ministers.

Meanwhile, both Kozyrev and Petrovskiy ruled out the possibility for Russian President Boris Yeltsin to attend the Moscow parley.

Petrovskiy said that the meeting will be of an organizational nature, not of substance. The parley is designed to

provide an "institutional base" for future talks on Middle East regional problems, he explained.

The meeting will produce separate committees on arms control and regional security, economic cooperation, water and environment, which are to serve as the mechanism for continuing the talks.

Participants will decide on Wednesday when and where to hold the future multilateral talks and what specific topics are to be discussed," Petrovskiy said.

#### 'News Analysis' on Japan-U.S. Relations

OW2601111492 Beijing XINHUA Domestic Service  
in Chinese 0101 GMT 26 Jan 92

["News Analysis" by XINHUA reporter Zhu Ronggen (2612 2837 2704)]

[Text] Tokyo, 26 January (XINHUA)—The future of Japanese-U.S. relations has become a topic on the lips of everybody in Japan from government officials to people in the street. The majority agree that coordination and cooperation between Tokyo and Washington remain the main aspect of bilateral relations; however, their economic frictions are becoming increasingly sharp and their political differences are also growing wider. The relationship has developed from "quarrels between lovers" to public exchanges of criticism.

According to a KYODO dispatch today, Shintaro Ishihara, an LDP [Liberal Democratic Party] member of the Japanese Diet and former minister of transportation, said in an interview with KYODO that "the quality of American business executives is poor although productivity of American workers is comparatively high." He also said that there is no doubt about the good quality of Japanese workers compared with their American counterparts. He added that if the United States realizes this, its economy would recover quickly.

Ishihara, author of the book *The Japan That Can Say No*, is one of the "eagles" in the LDP. He believes that Japan should be on an equal footing with the United States and that Japan "has the power to go it alone." Ishihara's views represent the opinions of certain Japanese quarters.

Ishihara's comments blaming U.S. economic decline on the poor quality of U.S. corporate management will certainly "pour oil on the fire" of "already heated" Japanese-U.S. trade frictions.

Commenting on U.S. demands that Japan increase its import of American automobiles, Yoshio Sakurachi, speaker of the Japanese House of Representatives and former foreign minister, said on 19 January that "the United States is Japan's subcontractor" and that "the quality of American workers is poor and about 30 percent of the U.S. work force is illiterate." His remarks have stirred a great uproar in the United States. During his visit to Washington, Japanese Foreign Minister

Watanabe apologized to President Bush over his remarks. On the other hand, Sakurachi expressed regrets that some of his expressions were "taken as if he were disparaging or slighting American workers."

As a matter of fact, many important figures in Japan have in recent years both praised and criticized the United States. In recent days, criticism that have caught people's attention has increased.

Sharp frictions between Japan and the United States are not limited to the economic and trade sectors; there are also distrust and apprehension in the military field. A 23 January KYODO news analysis datelined in Washington notes that a U.S. military secret document obtained by THE WASHINGTON POST indicates that following the disintegration of the Soviet Union, the Pentagon is planning to retarget U.S. strategic long-range nuclear weapons at a number of countries, including Japan. The reason is to "deter" those countries from undertaking nuclear-weapon programs. The White House is giving it "favorable consideration." The U.S. Embassy in Japan issued a statement on 24 January denying the existence of such a plan and stressed that the United States will not make "Japan and other allies" its targets.

Tokyo has repeatedly said that criticisms of the United States by some people in Japan are "misstatements" or their "personal views" that "do not represent the government and mainstream thinking." Observers here note that it is a fact that in recent years there have been more disputes between the two countries arising from sharp criticisms of the United States by important figures in Japan. With the rapid rise of Japanese economic and scientific and technological strength and the relative decline of the national strength of the United States, Japanese-U.S. relations will undergo subtle changes.

#### Article Discusses World Political Structure

HK2501084192 Beijing GUANGMING RIBAO  
in Chinese 30 Dec 91 p 3

[Article by Peng Hongwei (1756 1347 0251) of the International Strategic Research Foundation: "World Pattern Is Transforming Into Multipolarization"]

[Text] The strategic pattern is a force structure which plays a leading role in international relations in a given period of time. It portrays the balance of international forces, particularly conflicts or coordination between big powers and confrontation or cooperation between them.

The post-war pattern of polarization characterized by the U.S.-Soviet confrontation, or the so-called Yalta structure, existed for 40-odd years. But this pattern did not remain constant after its emergence. The founding of the PRC at the end of the 1940's, the arrival of the Third World into the international arena in the 1960's, the rise of Japan and West Europe in the 1960's and 1970's have all transformed the world pattern into one of multipolarization. Multipolarization is the norm in the history of international relations whereas polarization is a special

case in world history. Since the mid-1980's, the strategic pattern has begun to change rapidly, during which an overall relaxation appeared in U.S.-Soviet relations as a result of several summits; drastic changes have taken place in East Europe; German has been unified; the Gulf war broke out; and an incident occurred on 19 August in the Soviet Union. The disintegration of the Soviet Union indicates the complete end of polarization. This pattern, which controlled the development of postwar international relations, existed for 46 years, 10 months, and 10 days (from the Yalta Conference of 11 February 1945 to the Alma Ata meeting of 21 December 1991).

Now, academics hold different views and arguments on whether a new pattern has taken shape, on what kind of pattern has taken shape, and on how to describe it.

We are inclined toward this view: The contemporary world is in a transitional period from polarization to multipolarization, during which a new pattern has failed to take shape. To acquire a good idea of the changes in the international situation, to objectively analyze the external environment facing the country's security, and to make the correct choices, we should analyze the characteristics of this period.

The change from the old pattern to a new one is a transition from the balance of old forces to the balance of new forces, during which instability will appear. In this process, all kinds of international forces will reorganize themselves, all kinds of strategic relations will be adjusted, unstable and uncertain factors will increase, and there will be unrest, radical change, and complicated features in the international situation.

Although there is instability and change during the transitional period, basic factors playing a major role in international affairs are not hard for us to find: The United States is the political leader of the West. Its economic superiority will not be replaced by that of Europe or Japan for the time being. Militarily, it is the only country that possesses a global deterrent. The roles of some major developed nations are making themselves felt but contradictions and conflicts between them have become prominent since Soviet disintegration. Their ability has improved in regard to relying on and coordinating with each other. Their conflicts and coordination directly affect developments and change in world contradictions. The role of the United Nations and other international organizations is becoming increasingly important. Countries have become more reliant on each other. Comprehensive national power finds expression mainly in economic strength. Economic integration is gaining momentum.

This transitional period will probably last for 10 to 15 years, or longer, because the changes in the current pattern is different from the previous two, when war smashed the old patterns and new patterns quickly took shape as a result of the leading role of the victorious nations. The current changes will not proceed through war and will thus take much longer to realize.

**Pakistan Leader, U.S. Chief View Nuclear Stance**  
*OW2201190892 Beijing XINHUA in English*  
1758 GMT 22 Jan 92

[Text] Islamabad, January 22 (XINHUA)—Pakistan President Ghulam Ishaq Khan said here today Pakistan's peaceful nuclear program represents a national consensus arising out of objective needs.

Talking to Admiral Frank Kelso, chief of the U.S. Navy, who is on a 3-day visit here, the president said the present difficulties in U.S.-Pakistan relations over the nuclear issue could be removed to mutual satisfaction if each side objectively analysed and appreciated the constraints on the other.

He was quoted by the official news agency APP as saying tonight that Pakistan respects American laws and can not grudge the U.S. the right to interpret them and similarly it should realise that Pakistan's nuclear program represents a national consensus.

He said Pakistan's concern for nuclear non-proliferation was no less than that of the United States.

The U.S.-Pakistan relations have worsened since October 1990 when Washington suspended all its military and economic aid to Islamabad under the provisions of the Pressler Amendment to the U.S. Foreign Assistance Act on suspicion that Pakistan is developing a nuclear device.

The president said the difference in the approach of the two countries was essentially a difference in perceptions.

Admiral Frank Kelso spoke of the close ties of cooperation between the navies of the two countries and assured the president of his efforts to continue and promote this friendly relationship.

The Pakistan president conferred a military award on the U.S. naval chief in recognition of his personal efforts for the improvement of relations between the U.S. and Pakistan and the navies of the two countries.

The U.S. admiral arrived here Tuesday.

**G-7 Meeting Ends With 'No Concerted Proposals'**  
*OW2601225592 Beijing XINHUA in English*  
0519 GMT 26 Jan 92

[By Zhao Renfang]

[Text] New York, January 25 (XINHUA)—The one day closed-door meeting by the G7 financial ministers ended here today, with no concrete actions for world economic development.

However, the finance ministers and central bank governors of the G7 agreed to intensify their cooperative efforts to strengthen world economic growth.

The statement of ministers from the Group of Seven issued after the seven-hour meeting said that in order to

reinforce the recovery process, they agreed to "intensify their cooperative efforts to improve the conditions for non-inflationary growth in their economies, thereby strengthening the world economy."

But the meeting produced no concerted proposals for the world economy.

"As to economic policies in their respective countries," the statement noted, the ministers agreed that "each country would implement fiscal, monetary and structural policies to promote the conditions for sustainable growth with price stability."

The specific mix of policies would vary depending on the circumstances in each country, the statement said.

Although U.S. Treasury Secretary Nicholas F. Brady told reporters at a press conference that the meeting was successful, his country did not get Germany to agree to cut interest rates, "a far stickier issue" seen by analysts.

While the United States and Japan were cutting their interest rates, German Bundesbank raised interest rates by a large-than-expected half-point at the end of last year, forcing other European monetary system countries such as France and Britain to follow suit, despite of their weak economies.

Today's meeting failed to reach an agreement as expected by some analysts to allow the Japanese yen to gradually appreciate on world currency markets. Instead the ministers just agreed to keep cooperating on exchange rates.

Expressing their concern at the weakening economic activity since their last meeting in the fall, the financial ministers said in the final statement that in some countries, early signs of recovery had not been sustained, while others were experiencing a deceleration from high rates of growth, jeopardizing gains in employment achieved during the last decade and raising the danger of renewed protectionism.

"Consumer and business confidence has remained weak, thus delaying a resumption of economic activity," it said.

However, the statement mentioned some good signs for a turn for the better.

"The forces that have been inhibiting economic activity in many countries are dissipating and that the conditions for improved global growth exist," the statement added.

According to the statement by the G7 countries, which include the United States, Canada, France, Germany, Italy, Japan and Britain, the ministers also strongly insisted on the necessity to maintain open and efficient global markets to assist the economies of both industrial and developing countries.



They also stressed a satisfactory conclusion of the Uruguay Round of talks, which would enhance private sector confidence and make an essential contribution to global economic growth.

Another important subject discussed during the meeting held in New York's Garden City Hotel was the situation in the former Soviet Union.

The ministers and bank leaders recognized that the transformation of the former Soviet Union's economy would be a difficult and prolonged process and that economic reforms should be formulated and implemented in close cooperation with the International Monetary Fund (IMF).

They requested the IMF to act expeditiously to finalize by the spring meetings the arrangements needed to complete IMF membership procedures for the Baltic states, Russia, Azerbaijan, Ukraine, Kazakhstan and Armenia.

The G7 finance ministers meet two or three times a year to review world economy.

**Environment, Development Council To Be Established**  
HK2401033392 Beijing CHINA DAILY in English  
24 Jan 92 p 3

[By staff reporter Zhu Baoxia: "China Names New Council"]

[Text] The China Council for International Co-operation on Environment and Development will be established in April.

The council is a non-governmental body which will act as an advisor to the government of the People's Republic of China. Its tasks will include giving comments and suggestions on environmental and economic development in China. These will be taken into consideration by the Chinese government when making State policies.

Song Jian, State Councillor, Chairman of the Environmental Protection Commission under the State Council, and director in charge of the State Science and Technology Commission, has been elected chairman of the council, with Qu Geping, President of the State Administration of Environmental Protection, and Gu Ming, Vice-Chairman of the Legal Affairs Committee of the National People's Congress as vice-chairmen.

Marcel Masse, president of the Canadian International Development Agency (CIDA) has also been nominated as vice-chairman.

The council will consist of about 40 members, including about 20 specialists from foreign countries.

Most of the Chinese members are of ministerial and vice-ministerial rank from the key ministries and agencies concerned with the environment and economic development.

## Central Eurasia

### Russian Spokesman Denies Taiwan Arms Sale Talks

OW2701145692 Beijing XINHUA in English  
1406 GMT 27 Jan 92

[Text] Moscow, January 27 (XINHUA)—The Russian Foreign Ministry declared today that Russia still regarded Taiwan as an inalienable part of China.

At a press conference here, a Russian Foreign Ministry spokesman read a statement that said Russia's attitude to the Taiwan problem had not changed. Russia still regarded Taiwan as a province of China.

The statement follows reports by some Russian and foreign news media that a visiting Taiwan delegation in Moscow met with Russian officials and bought weapons and military technical equipment from the federation.

The Foreign Ministry statement denied that Russian officials had met with a Taiwan delegation and held talks on the selling of arms and military equipment to Taiwan.

The statement said several businessmen were visiting Moscow at the invitation of a joint venture registered in a foreign country. They had come for talks on developing relations between Taiwan and Russian business circles.

But, the statement stressed, the Russian Foreign Ministry had played no part in organizing the visit.

### Du Xianzhong Meets Russian Beet Researchers

SK2701155192 Harbin HEILONGJIANG RIBAO  
in Chinese 23 Dec 91 p 1

[By Reporter Cui Guangchen (1508 1639 5256): "Du Xianzhong Meets With Sugar Beet Technological Inspection Group From the Russian Federation"]

[Text] On the evening of 22 December, Du Xianzhong, vice governor of the provincial government, met with and feted the six-member sugar beet technical inspection group from the Russian Federation headed by Solirenk, vice chairman of the Voronezh Oblast Soviet Executive Committee.

Du Xianzhong expressed appreciation for the progress in technological cooperation between the All-Russian Sugar Beet and Sugar Industrial Research Institute and the Sugar Beet and Sugar Industrial Research Institute of the PRC Ministry of Light Industry. He expressed his satisfaction with the expansion from technical cooperation to economic and trade cooperation and wished that both sides would further consolidate and continuously develop their cooperative relations.

On 15 December, the inspection group arrived in Heilongjiang Province and visited the Sugar Beet and Sugar Industrial Research Institute of the PRC Ministry of Light Industry. The inspection group successively visited the provincial Sugar Production Industrial Corporation, the Provincial Sugar Beet Seed Company,

Heping sugar refinery, Acheng sugar refinery, and Harbin sugar beet seed supply station. They also signed an agreement on cooperating in developing techniques for improving sugar beet seeds with the Sugar Beet and Sugar Industrial Research Institute of the PRC Ministry of Light Industry.

**Belarussian Prime Minister Visits Guangdong**

OW2301132292 Beijing XINHUA in English  
1312 GMT 23 Jan 92

[Text] Guangzhou, January 23 (XINHUA)—Vice Governor of Guangdong Province Lu Zhonghe hosted a banquet for visiting Chairman of the Council of Ministers of the Republic of Belarus Vyacheslav Kebich and his party here this evening.

In a meeting with the guests before the banquet, Lu briefed them on the province's industry, agriculture, foreign trade, foreign investment, energy and transportation.

Kebich said his visit helped him get a better understanding of China's economy and the life of its people. Industriousness is a distinguishing feature of the Chinese people, and this has enabled them to score great achievements, he added.

He expressed the hope that the economic cooperation between Belarus and China would be strengthened and the good and friendly ties between the two peoples improved.

Kebich arrived here from Wuxi, Jiangsu Province, yesterday, accompanied by Zhu Xun, chairman of the Chinese Government Reception Committee and minister of geology and mineral resources.

The Belarussian guests visited Shenzhen, a special economic zone in the province, and the city of Guangzhou.

Kebich and his party left here this evening for Beijing and is expected to head for home tomorrow.

**Article on CIS Political, Economic 'Problems'**

HK2401043592 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 3, 20 Jan 92 pp 28-29

["Special Dispatch From Moscow" by Ju Mengjun (0215 1322 6511): "Problems Facing Commonwealth of Independent States as Seen From Minsk Meeting"]

[Text] At the end of 1991, the leaders of the 11 republics of the former Soviet Union gathered in Minsk to discuss a number of issues concerning the future and fate of the newly born Commonwealth of Independent States [CIS].

The founding of the CIS was first announced by leaders of the Republics of Russia, Ukraine, and Belarus on 8 December 1991. Later, because another eight republics, including Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, Azerbaijan, Armenia, and Moldova were also willing to join the CIS as "equal founding states," the

leaders of the 11 republics gathered in Alma Ata to sign documents on the formation of the CIS. They also formally announced "that the Soviet Union had ceased to exist."

The Minsk meeting aimed to turn the principled agreements reached in Alma Ata into concrete documents to legally confirm the existing mechanism of the CIS; in addition, the meeting solved a number of problems concerning relations among all the independent states.

A total of nine agreements were signed at the Minsk summit meeting, a figure which made the meeting look "fruitful." The tentative agreement on the establishment of a Conference of Heads of State and a Conference of Government Leaders confirmed the legal status of these two committees concerning CIS member countries. As the supreme organ of the CIS, the Conference of Heads of State should hold no less than two meetings each year to solve major political issues relating to the development of the CIS. Each country has an equal vote on the committee, and the Conference of Government Leaders is primarily responsible for economic issues. The confirmation of an agreement on armed forces and frontier defense forces virtually means that all CIS member countries "possess the legitimate right to establish their own armed forces." This document authorized the commander of the CIS Armed Forces to work with all the republics to try and solve problems concerning the control of the armed forces within two months. The agreement on strategic forces reiterated that the leaders of the 11 CIS republics promised to "put strategic forces under a unified command and retain unified control over nuclear weapons." According to this document, before their nuclear weapons are completely destroyed, any decision to use nuclear weapons should first obtain the approval of the leaders of Belarus, Ukraine, and Kazakhstan and should be coordinated with the heads of state of the other CIS member countries. It was also explicitly stipulated in the document that nuclear weapons within the borders of Ukraine should, before their complete destruction, be put under the control of the CIS's strategic forces joint command to guarantee that all of these nuclear weapons will not be used or dismantled before the end of 1994. In addition, participants at the Minsk meeting also signed some routine agreements on the study and utilization of outer space, distribution of foodstuffs purchased with foreign loans, and resolving the consequences of the Chernobyl nuclear disaster. Observers believe that the only meaningful result of this meeting was the retention of unified control over nuclear weapons, and there were no clear-cut answers to a number of major economic and military questions.

Judging from various developments which have been brought to light, the meeting was not carried out in a light-hearted manner, and changes took place in the positions of member countries which were not in favor of maintaining the unity of the CIS. Under such circumstances, the CIS is now facing severe tests as to whether or not it can survive. Stanislav Shushkevich, chairman of

the Belarussian Supreme Soviet, said at a press conference held on the second day of the meeting that "there are indeed divergent views on every issue discussed at the meeting." Originally, the issue of the CIS's constitution was placed on the agenda; however, this issue was crossed out in the end due to acute differences. It has been learned that the CIS constitution will not be adopted because of the resolute opposition of Ukraine. It took two full hours for the heads of the CIS member states to discuss the establishment of a coordinating authority for the CIS, and, although they signed a tentative agreement on the establishment of the Conference of Heads of State and Conference of Government Leaders, the participating countries failed to decide on the establishment of any conventional or executive organs for the CIS. Neither did they clarify the effects of resolutions adopted to the Conference of Heads of State and the Conference of Government Leaders. At one time Ukraine indicated that resolutions on the CIS would only be "suggestions" to the republics. In reality, each member of the CIS goes its own way in handling its domestic and diplomatic affairs, and there are not any coordinated or concerted actions among them.

The military issue is the most acute contradiction currently facing the CIS. Ukraine and Belarus have already agreed to send those tactical and strategic nuclear weapons within their borders to Russia for destruction, but Kazakhstan has not yet clarified its position. At the joint press conference in Minsk, Kazakh President Nursultan Nazarbayev said: "Kazakhstan will strive to become a nuclear-free zone and will participate in the entire process of cutting offensive strategic weapons." He stressed specially: "Kazakhstan should take part in negotiations on this issue." Explicit stipulations on the issue of strategic forces have been made in both the Alma Ata Agreement and at the Minsk meeting, stressing that the right to impose unified control over strategic forces lies in the hands of the CIS's Conference of Heads of State and Conference of Government Leaders. A major question at the moment is which army units should be classified as strategic forces. According to the interpretation of General Yevgeny Shaposhnikov, commander-in-chief of the CIS Armed Forces, as well as the stipulations of the relevant agreements, missile units, Air Force, Navy, air defense, and airborne units belong to strategic forces. When it established its own armed forces, however, Ukraine refused to consider the Black Sea Fleet a strategic force and attempted to bring the fleet under its control. Ukraine has already required the officers and men of the Black Sea Fleet to take an oath of loyalty to Ukraine and to hoist the Ukrainian flag on their warships. Russia and some other republics saw this move as a violation of the Minsk and Alma Ata agreements. General Shaposhnikov admitted the other day that a number of problems had emerged around the ownership of the Black Sea Fleet. Moreover, Ukraine's refusal to join any kind of military alliance has also raised questions about whether the CIS can maintain unified control over strategic forces. CIS member countries have also split over the issue of conventional military forces.

Ukraine believes that, without its own armed forces, a country cannot begin to talk about its sovereignty. Therefore, Ukraine has always insisted on establishing its own army. On 3 January Ukraine began to build its army using the former Soviet Army garrisoned in Ukraine. The Ukrainian defense minister has already issued an order to cut off links between the three military districts within its borders and the Moscow headquarters. Moldova has the same strong approach as Ukraine on the issue of establishing its own army. Azerbaijan has also made up its mind to establish a republican guard, though it has postponed the process for two months. Although they have the intention to establish their own armed forces, Belarus and Uzbekistan have agreed to wait. General Yevgeny Shaposhnikov believes that Belarus will establish its own armed forces no earlier than 1995. Therefore, only five countries still insist on establishing joint armed forces. People here believe that a rapid disintegration of the huge Soviet Army would inevitably bring about a series of serious consequences, having a negative impact on the CIS's future.

The most complicated issues currently facing the CIS are those which involve economic matters. The economy is the base for the entire society and is a key issue; the CIS's ability to successfully form a unified economic area is of great importance to its continued existence. In the agreements reached at Alma Ata, the leaders of the 11 republics all expressed their willingness to establish a unified economic area; however, an increasing number of differences have emerged among CIS member countries on the unified economic space and policy coordination. In fact, the Minsk meeting did not touch the economic field—never mind confirm a unified economic space. To the contrary, acute contradictions have already emerged. Along with the printing presses it inherited from the Soviet Union, the Russian Federation has grasped in its own hands the power to issue rubles. Due to extensive inflation, however, Russia cannot satisfy the cash needs of the other republics. At the Minsk meeting, Ukrainian President Leonid Kravchuk complained to Boris Yeltsin's face: "Ukraine does not oppose the retention of a unified ruble region. If CIS member countries cannot obtain currency from Russia, however, the idea of establishing a unified ruble region is impractical." Responding to this complaint, the Russian President promised to produce banknotes in 1,000 ruble denominations; then, the problem of an insufficient supply of cash would be overcome. Actually, some republics do not wish to see Russia control the issuance of currency and have already tried their best to issue their own. With the excuse that Russia could not supply it with rubles, Ukraine "was forced" to issue "currency exchange certificates," which have a equal value to rubles, within its borders. In addition, Ukraine is planning to enable these "currency exchange certificates" to be converted into rubles and other currencies. Such certificates are a virtual substitute for Ukraine's own currency, thus preparing Ukraine for the issue of its own real currency. Belarus has also begun to issue "currency exchange certificates," and Moldova plans to issue its



own currency starting on 1 July this year. Observers pointed out that without a unified currency, a unified economic area will remain only in name.

People here believe that the CIS remains at a stage of making agreements only and that its joint mechanisms have not yet taken shape. Therefore, the future of the CIS is still unclear.

### Northeast Asia

#### DPRK, Japan To Hold Talks in Beijing

OW2601143692 Beijing XINHUA in English  
1422 GMT 26 JAN 92

[Text] Pyongyang, January 26 (XINHUA)—The Democratic People's Republic of Korea (DPRK) and Japan are to hold a sixth round of talks on normalizing relations later this month.

The January 30-31 talks will take place in Beijing, the KOREAN CENTRAL NEWS AGENCY (KCNA) reported today.

The two countries have held five rounds of talks on this matter over the past year.

Negotiations have remained stalled over Tokyo's insistence on international inspection of DPRK's nuclear sites and Pyongyang's reparations' demand for Japan's 1910-45 colonial rule of Korea.

The fifth round of talks was held in Beijing last November.

#### Fujian Project Attracts Japanese Investors

OW2701131392 Beijing XINHUA in English  
1244 GMT 27 Jan 92

[Text] Fuzhou, January 27 (XINHUA)—An investment company from Japan will invest 500 million U.S. dollars to lease one lot of land in Meizhou Bay in Fujian Province, indicating that Japanese are showing increasing interest in land development projects in eastern China.

Fujian Province is one of the first group of provinces in the country to provide land development projects for overseas investors. Many foreign investors have come to lease lands in the southern, northern and central parts of the province. The Meizhou Bay, located at the central part of the province, is a newly established development zone focusing on high-tech and chemi-industries [as received] and agricultural development.

The Taikong Finance and Investment Ltd. is the first company from Japan to establish a land development project in the Meizhou Bay Development Zone. The company signed a lease with Putian city in the locality for a ten-year lease of a 15-square-kilometer piece of land.

According to local sources, the Japanese company is to build the Ikawa Industrial Zone on the land. It will develop the beaches and coastal land in the zone and set up enterprises involved in automobile repair, electronics, household appliance, machinery, chemi-industry, high technology and comprehensive agricultural development.

Local sources said that investors from Japan are showing increasing interest in land development projects in Meizhou Bay, which is a favorite investment place for businessmen from Taiwan and Macao. Since last year, many large Japanese companies have sent personnel to inspect the development zone.

#### Japanese Premier Urges Approval of UN Troops

OW2401103592 Beijing XINHUA in English  
1006 GMT 24 JAN 92

[Text] Tokyo, January 24 (XINHUA)—Japanese Prime Minister Kiichi Miyazawa, describing 1992 as a test of Japan's "real worth" in the world, called on the Diet (parliament) today to pass a government-proposed bill which would allow Japanese troops to join U.N. peacekeeping operations (PKO).

"The international community is watching how Japan, which enjoys influence commensurate with its large economic power, will fulfill its role and responsibilities" in creating a peaceful world order, Miyazawa said in a policy speech to the opening of the 123rd ordinary session of the Japanese Diet.

Miyazawa urged the legislators to cooperate in passing a bill aimed at enhancing Japan's cooperation with U.N. peacekeeping efforts by sending Japan's Self-Defense Forces' personnel to join such operations.

The bill, viewed by the government as a key part of Japan's aspiration to have more influence at the U.N. and opposed by major opposition parties, was carried over from the previous Diet session.

In his speech, Miyazawa also issued a fresh round of apologies for Japan's World War II aggression in Asia.

To fulfill an active political role in Asia, Miyazawa said, Japan must also pay due attention to "the problem of Japan's awareness of past history."

"During a period in the past, the people of the Asia-Pacific region experienced unbearable suffering and pain due to our country's behavior. I would like to express again deep remorse and regret," the prime minister said.

Miyazawa cited assistance to the Commonwealth of Independent States (CIS), as well as cooperation in resolving global concerns such as poverty, the arms race, environmental degradation, and narcotics trafficking, as other elements of his scheme for international cooperation.

He urged Russia to resolve a territorial dispute over four islands off Hokkaido to pave the way for a peace treaty.

Miyazawa pledged to cooperate closely with the United States which he depicted as the leader of the evolving world order.

At home, the Japanese prime minister called for measures to enhance the quality of life which includes better housing conditions, shorter working hours, greater opportunities of the elderly and disabled to participate in the mainstream of society.

At the opening of the Diet session, Japanese foreign minister Michio Watanabe also delivered a foreign policy speech, saying Japan should contribute not merely money and technology, but more in the way of personnel, to global peacekeeping efforts.

The Diet session is expected to last 150 days. During the session, political analysts widely predicted, deliberation will get bogged down over the alleged involvement in a bribery scandal of Fumio Abe, a former aide to Miyazawa and a former cabinet minister.

#### **Sino-Mongolian Joint Venture Built in Ulaanbaatar**

OW2801102092 Beijing XINHUA in English  
0946 GMT 28 Jan 92

[Text] Shenyang, January 28 (XINHUA)—China and Mongolia are jointly building a welding rod factory in Ulaanbaatar, capital of Mongolia.

This is the first Sino-Mongolian joint venture built in Mongolia.

The venture is funded by the Fushun Economic and Trade Company Ltd. (Group) in China's northeast province of Liaoning and the No. 1 Automobile Repair and Spare Parts Company of Mongolia.

Mongolia has now no welding rod factory and has to rely on imports from the former Soviet Union. Last January, it sent study groups to five countries to seek cooperative partners. They finally chose China as their cooperative partner.

The joint venture is designed to have an annual production capacity of 3,000 tons. Its contracted term is 10 years.

Now the China-made welding rod equipment is being installed and is scheduled to go into production in March this year.

#### **Southeast Asia & Pacific**

#### **Li Peng Greets Fourth ASEAN Summit Opening**

OW2701110192 Beijing XINHUA Domestic Service  
in Chinese 0806 GMT 27 Jan 92

[Text] Beijing, 27 January (XINHUA)—Li Peng, premier of the State Council, today cabled the fourth

Association of Southeast Asian Nations [ASEAN] summit to wish it complete success. Below is the text of the message:

#### **The Fourth ASEAN Summit in Singapore:**

On the occasion of the opening of the Fourth ASEAN Summit, I wish to extend my warm congratulations on behalf of the Chinese Government as well as in my own name.

ASEAN was founded more than 20 years ago and has achieved remarkable success in promoting regional economic cooperation, social progress, and cultural development. Particularly in the last decade, ASEAN has made unremitting efforts to ensure a comprehensive, just, and reasonable political settlement to the Cambodian issue as well as to preserve regional peace and stability. The economies of Southeast Asian countries have grown rapidly, and the region is one of the most dynamic regions in world economic growth, winning the universal admiration and respect of the international community. We are pleased with the success of ASEAN and sincerely wish that ASEAN, as a regional political and economic organization, will play an increasingly important role in international and regional affairs.

China and the ASEAN countries are friendly neighbors, and the peoples of China and the ASEAN countries have a profound traditional friendship. In recent years, the friendly relations and cooperation between China and ASEAN countries have made considerable progress. The Chinese Government sincerely hopes to further expand cooperation with ASEAN and its member countries, and to work for the maintenance of peace and stability in the region and the promotion of joint economic development.

[Signed] Li Peng

Premier of the State Council of the People's Republic of China.

#### **Criminal Deportation Policy Extended to Vietnam**

OW2501214392 Beijing XINHUA in English  
1459 GMT 25 Jan 92

[Text] Hong Kong, January 25 (XINHUA)—The first Vietnamese criminal offender was deported back to his own country today following the resumption of air service between Hong Kong and Vietnam.

From now on, Hong Kong's normal policy of deporting criminal offenders to their own countries has been extended to Vietnam, a government spokesman announced today.

It was normal international practice for criminals convicted of serious offences to be deported to their countries of origin after serving their sentences, the spokesman said.

Hong Kong's policy is to deport those who have been convicted of offences punishable with a term of imprisonment of two years or more, he added.

In accordance with this policy, Hong Kong deported 242 such people to 25 countries last year.

Now that direct flights to Vietnam have resumed after a break of over 16 years, there is no reason why Vietnam should not be included in these arrangements, the spokesman said.

He emphasized that only criminal offenders who had been screened out as non-refugees would be deported to Vietnam.

**Border City Develops as Vietnamese Ties Improve**  
*OW2501014792 Beijing XINHUA in English*  
0102 GMT 25 Jan 92

[Text] Nanning, January 25 (XINHUA)—Pingxiang, a small border city in South China's Guangxi Zhuang Autonomous Region, has developed rapidly along with the normalization of relations between China and Vietnam.

According to Zhang Mingxiong, deputy mayor of Pingxiang, both governmental and nongovernmental border trade have been expanded since Sino-Vietnamese economic co-operation and trade ties were restored in 1988.

According to statistics released by the Pingxiang city government, during the past three years Pingxiang's border trade volume with Vietnam has increased from 100 million yuan to 410 million yuan. It is expected that this figure will increase by 100 million yuan annually in the next few years.

The revenue of Pingxiang rose from 3.59 million yuan in 1987 to 4.92 million yuan in 1988, when border trade was restored.

Last year saw the city's revenue jump to 24.3 million yuan, of which 60 percent came from border trade taxes.

Pingxiang is 231 km from Nanning, capital of Guangxi, and 170 km from Hanoi, capital of Vietnam. With a population of 86,000, the city covers 650 square km.

The nearby friendship pass is the point where the only railway line connecting China and Vietnam crosses the border. Chinese and Vietnamese leaders have met here on numerous occasions.

Since border trade was restored, Pingxiang has attracted a large number of businessmen and visitors. The Friendship Pass and Jinji Mountain received some 40,000 visitors in 1991.

According to Zhang Mingxiong, Pingxiang will be developed as an open city focusing on the processing industry, entrepot and border trade and tourism.

In the next few years it will make unremitting efforts to construct basic facilities such as highways, telecommunications, power plants and water supply systems.

Zhang said that 2,000 program-controlled telephone lines costing four million yuan (about 800,000 U.S. dollars) were put into use this month in Pingxiang.

According to Zhang, the Pingxiang-Nanning optical fibre communications system will be built soon with 20 million yuan-worth of loans from Finland.

**Near East & South Asia**

**Yang Shangkun, Li Peng Greet Indian Counterparts**  
*BK2601165492 Beijing Radio Beijing in Hindi*  
1500 GMT 26 Jan 92

[Text] Today is India's 42d Republic Day. On this auspicious occasion, President Yang Shangkun and Prime Minister Li Peng sent messages of greetings yesterday to their Indian counterparts Venkataraman and Narasimha Rao.

In his message, Yang Shangkun said he is glad to note that Premier Li Peng's recent visit to India proved totally successful and that new dimensions are being added to Sino-Indian cooperation. He expressed the hope that friendship and cooperation between the PRC and India, based on the Five Principles of Peaceful Coexistence, will flourish thanks to the concerted efforts of the two sides.

In his message, Chinese Premier Li Peng said his recent visit to India and his fruitful talks with the prime minister left a delightful and lasting impression on him. Strengthening good-neighborly relations in the current international scenario and promoting mutually beneficial cooperation in economic, commercial, scientific, technical, and cultural fields between the PRC and India is not only in the interest of the people of the two countries but will also prove beneficial for peace and stability in the region and the entire world as well. Li Peng expressed the hope that the friendly relations and cooperation between the PRC and India based on the Five Principles of Peaceful Coexistence will definitely be strengthened and developed in the years to come.

**Iranian Official Reaffirms Bilateral Ties**  
*OW2701024092 Beijing Central People's Radio*  
Network in Mandarin 2230 GMT 26 Jan 92

[From the "News and Press Review" program]

[Text] Deputy Speaker Asadollah Bayat of Iran's Islamic Consultative Assembly, who is now visiting Pakistan, said at a press conference on 25 January that the establishment of diplomatic ties between China and Israel will not affect the friendly relations between Iran and China.

While talking about peace in the Middle East, he said that it is impossible to have long-lasting peace in the area



if the will of the Palestinian people is not respected in efforts to resolve the Palestinian problem. He also denied that Iran had reached an agreement with India for the purchase of a nuclear reactor.

#### **XINHUA Foresees Water 'Crisis' in Mideast**

*OW2601171192 Beijing XINHUA in English  
1614 GMT 26 Jan 92*

[By Yu Dabo]

[Text] Moscow, January 26 (XINHUA)—Conflicts in the Middle East over the past four decades have centered on territory, but in the long-term it is the problem of water resources which may hold the key to peace in the drought stricken region.

With water resources decreasing at an alarming rate, the Middle East is on the verge of a major crisis that might spark new military conflicts over water rights in what is already a volatile region.

In a bid to head off the potential crisis, Middle East countries are to gather here on January 28-29 to address the issue for the first time.

Other regional topics up for discussion include the arms build-up, refugees, economic development and the environment.

The multilateral talks, the third-phase of Arab-Israeli peace negotiations, are unlikely to resolve the long-standing and complex water issue. Nevertheless, they do mark a significant step in that direction.

Dire forecasts have predicted that the Middle East, which averages 3 percent population growth a year, will face an annual water shortfall of some 100,000 million cubic meters by the end of the 20th century.

Water experts have said that should population growth coupled with rapid industrial development and urbanization go unchecked, there simply will not be enough water to go around.

And then, they warn, the struggle for water—and not for oil—will decide the future of the region.

The signs of an impending crisis are already crystal clear.

In Israel, a country already plagued by a 30 percent shortfall in water supplies, the massive influx of Soviet Jews is sure to further drain the nation's water resources.

In Egypt, where deserts cover 96 percent of territory forcing the country to import half its food needs, the demand for water far outstrips the supply. And this has placed untold constraints on agricultural production.

And in Syria, residential water taps in the capital Damascus run dry every day from 2 p.m. until 6 the following morning in a bid to conserve limited water supplies.

As for Jordan, there is no water for the 6,000 acres of land the government has opened up in a new irrigation system.

Indeed, water shortages have already aggravated the tension between Israel and its Arab neighbors.

Jordan's King Husayn reportedly told visitors recently he could foresee only one possible scenario for another war with Israel—a clash over the waters of the Jordan River Basin.

His remarks were a clear indication that water stands as a serious obstacle to ending the Arab-Israeli conflict.

They underscored the necessity that water-sharing agreements must figure in any future peace arrangement between Israel and the Arabs.

Analysts have noted that a solution to the water issue will be hard to achieve until Israel withdraws from occupied Arab territories.

And as an equally essential quid pro quo, the Arabs will have to recognize the right of Israel to exist and share some water resources.

Moreover, in addition to Israel, non-Arab countries in and outside the Middle East bear a responsibility for relieving the water shortage and ending water disputes in the region.

Taking the three major river basins (the Tigris/Euphrates, the Nile and the Jordan), which serve as the lifeblood of the Middle East, the first two originate in non-Arab countries and control 85 percent of the water consumed by Arab states.

Water disputes are nothing new between Arab and non-Arab countries.

In 1990, tension emerged between Turkey, where the Tigris and Euphrates have their sources, and downstream Iraq and Syria when Ankara diverted the Euphrates to fill a reservoir behind its enormous new Ataturk Dam. This cut off the flow of water into neighboring Syria and Iraq.

In the same year, Egypt reacted swiftly with protests when reports reached Cairo that Ethiopia, where the blue Nile headwaters supply 85 percent of the river's flow, was surveying possible dam sites.

Before the 21st century, the struggle over scarce water resources could break the already fragile ties between these states and lead to unprecedented upheaval. This was the view given in a report by the Center for Strategic and International Studies in Washington.

The danger is more evident in view of the fact that none of the Middle East's major rivers are governed by a negotiated accord accepted by all parties who claim rights.

Faced with such a grim prospect, regional and non-regional countries must attempt to confront the problem in the forthcoming multilateral talks.

Still, no quick fix can be expected from the basically ceremonial negotiations, even if they do demonstrate the urgency to resolve the water problem before it is too late.

### West Europe

#### Li Peng in Italy for Talks on Bilateral Relations

##### Li, Qian Meet Counterparts

OW2701140492 Beijing Central People's Radio  
Network in Mandarin 1030 GMT 27 Jan 92

[Report by station reporter Liu Zhengying from Rome; from the "National Hookup" program]

[Text] State Council Premier Li Peng, who is on an official visit in Italy, held official talks with Italian Prime Minister Giulio Andreotti in Rome at noon on 27 January. They exchanged views on Sino-Italian bilateral relations and international issues of common interest.

Before the talks, Prime Minister Andreotti hosted a welcome ceremony for Premier Li Peng.

Accompanied by Italian government officials in the morning, Premier Li Peng presented a wreath at the sacrificial altar of the tomb of Italy's unknown soldier in the town center of Rome.

State Councillor and Foreign Minister Qian Qichen, who is accompanying Premier Li Peng in his visit, also held talks with his Italian counterpart, Foreign Minister de Michelis.

As there is a time difference of seven hours between here and Beijing, details of Premier Li Peng's activities in Rome on 27 January will be reported in the "News and Press Review" program tomorrow [2230 GMT 27 January].

##### Economic, Cultural Agreements Signed

OW2701125592 Beijing XINHUA in English  
1242 GMT 27 Jan 92

[Text] Rome, January 27 (XINHUA)—China and Italy signed agreements on cooperation in a chemical industrial project and exhibition of cultural relics here today.

Visiting Chinese Premier Li Peng and Italian Prime Minister Giulio Andreotti attended the signing ceremony.

Under the industrial project agreement, signed between a Chinese corporation in Guangzhou and the Italian firm, Tecnimont, the Chinese side will import from Italy technology and equipment, worth about 150 million U.S. dollars, for the production of 115,000 tons of ethylene a year.

Another agreement says the Chinese side will provide 120 cultural relics for exhibition in Italy. The majority have not been displayed abroad before.

##### Further on Agreements

OW2701201792 Beijing XINHUA Domestic Service  
in Chinese 1420 GMT 27 Jan 92

[By reporters Huang Ruichang (7806 3843 2490) and Zhu Yunlong (2612 0061 7893)]

[Text] Rome, 27 January (XINHUA)—Chinese Premier Li Peng and Italian Prime Minister Andreotti witnessed a ceremony at the Italian state guesthouse of (Madama) Palace on signing agreements on a Sino-Italian joint ethylene venture in Guangzhou and an exhibition of the Shanxi cultural relics in Italy.

The agreement on the Sino-Italian joint ethylene venture was signed by Vice President Xiong Quangen of the China National Technical Import and Export Corporation, President Yang Shushan of the China Petro-Chemical International Company, and Director General Hong Zhiming of the Guangzhou ethylene project from the Chinese side; and President Alessandro Rosario and Vice President and concurrently Executive Manager Roberto Pratesi of the Tecnimont Company. Under the agreement, China will import from Italy \$150 million worth chemical technology and equipment with an annual production capacity of 115,000 tonne ethylene.

Zhang Deqin, director of the Chinese State Bureau for Preservation of Cultural Relics, and President (Sipinery) of the Roma Exposition signed the agreement on an exhibition of the Shanxi cultural relics in Italy. Under the agreement, China will stage an exhibition of 120 rare pieces of cultural relics from Shanxi. Most of them will be displayed abroad for the first time.

##### Discuss Trade, Economic Cooperation

OW2701151792 Beijing XINHUA in English  
1450 GMT 27 Jan 92

[Text] Rome, January 27 (XINHUA)—Chinese Minister of Foreign Economic Relations and Trade Li Lanqing and Italian Foreign Trade Minister Vito Lattanzio discussed ways of increasing Sino-Italian economic and trade cooperation here today.

The two ministers expressed satisfaction with the growth of bilateral economic and trade ties last year.

The Chinese minister, who is accompanying Premier Li Peng on a visit to Italy, said Italy had become China's second largest trade partner in Western Europe. Previously it was the fourth largest.

The ministerial-level mixed economic committee of the two countries met for the first time in Beijing last November, Li Lanqing recalled, and things agreed upon on that occasion were now being implemented. This would help to further expand the two countries' trade.

He said he hoped more Italian enterprises would invest in China, and he was confident of the development of Sino-Italian trade.

He also stressed the importance of Li Peng's current visit to Italy, which, he said, not only demonstrated the expansion of bilateral relations, but also promoted economic and trade cooperation between the two countries.

Li said China's total imports last year reached 63.8 billion U.S. dollars. In the next four years, he predicted, the figure would not be lower than that. Therefore, Italian industrialists and traders would have more opportunities of trade and cooperation on the Chinese market.

The Italian minister said his country was interested in increasing cooperation with China during China's Eighth Five-Year Plan (1991-1995).

#### De Michelis: Li's Visit 'Important'

OW2701162892 Beijing XINHUA in English  
1611 GMT 27 Jan 92

[Text] Rome, January 27 (XINHUA)—The visit by Chinese Premier Li Peng to Italy marks the full normalization of Italian-Chinese relations, Italian Foreign Minister Gianni de Michelis emphasized today.

De Michelis made this remark in his meeting here this morning with his Chinese counterpart Qian Qichen who is accompanying Chinese Premier Li Peng on a four-country tour to Western Europe, starting Italy.

The Italian foreign minister said the Italian Government pays great attention to Premier Li Peng's visit to Italy which, he said, marks "the full normalization of Italian-Chinese state relations and heralds further development of the relations between the two countries."

Chinese Foreign Minister Qian Qichen said: "The visit by Premier Li Peng to Italy, though short, is significant. The international situation has undergone profound changes. Under this situation, strengthening direct consultations between the two countries is not only important to China and Italy, but also conducive to world peace and stability."

De Michelis said Italy is deeply impressed by China's remarkable economic performance last year and is pleased to see its economic reform has been carried further since the beginning of this year.

"There's growing interests on the part of Italian business circles in fostering economic and trade relations between Italy and China, and to invest in the latter. The Italian Government will lend its support," de Michelis said, adding there should be more exchanges between the banking circles of the two countries.

Foreign Minister Qian noted that Italy had already become the second largest trading partner in China's trade with western European countries.

"This shows the vitality of the two economies and the right momentum. The Chinese Government is also supportive to the development of economic and trade relations between the two countries," Qian said.

The two foreign ministers also discussed the situation in the former Soviet Union, in Yugoslavia, Cambodia and the Korean peninsula.

Qian outlined China's position in the coming U.N. Security Council summit and its views on the current international situation. He and de Michelis agreed that the Italian and Chinese governments hold identical or similar views on many issues of the world today.

#### Andreotti: Trip of 'Great Significance'

OW2701182892 Beijing XINHUA Domestic Service  
in Chinese 1608 GMT 27 Jan 92

[By reporters Huang Sixian (7806 1835 6343) and Zhao Zijian (6392 1311 0256)]

[Text] Rome, 27 January (XINHUA)—Visiting Chinese Premier Li Peng held talks with Italian Prime Minister Giulio Andreotti at (Madama) Palace, the Italian state guesthouse, this morning. They exchanged views on the current international situation and the further development of Sino-Italian relations.

At the beginning of the talks, the prime minister extended a warm welcome to Premier Li Peng and his entourage on their visit to Italy, and delightfully recalled his visit to China last September. He said: "Your Excellency's visit, albeit a brief stay, is of great significance." The Chinese premier said his was pleased to pay the return visit.

Then the two leaders held in-depth discussions on the international situation and bilateral relations.

While stating the Italian stance on the current international situation, Andreotti expressed concern over the development of the situation following the disintegration of the Soviet Union. He said: "Italy is closely watching the policy pursued by members of the CIS in military affairs, especially with regard to nuclear weapons."

He added that Italy attached great importance to the role of the United Nations and was pleased with Premier Li Peng's participation in the Security Council summit.

On his participation in the upcoming UN Security Council summit, Li Peng said China is in favor of the strengthening of the UN's role in safeguarding world peace and security. He said that he will put forward the Chinese Government's proposal for the establishment of a new international order at the Security Council summit. He pointed out: "The world is neither tranquil nor peaceful; the situation is turbulent; and it is difficult to predict the future."

Briefing the Italian leader about China's stand on the situation following the disintegration of the Soviet



Union, Premier Li Peng said: "China has already recognized the independence of all previous Soviet republics and has established diplomatic relations with some of them. We are willing to develop friendly and cooperative relations with all previous Soviet republics on the basis of the Five Principles of Peaceful Coexistence. Like other members of the international community, China is concerned about the problem of nuclear weapons possessed by members of the former Soviet Union, and hopes that the problem will be resolved properly."

Turning to China's relations with West Europe, Li Peng said: Despite drastic changes in the international situation, there is no conflict of interests, but important common interests between China and West Europe. Cooperation between China and West Europe is an important factor for world peace and stability. There is much that the two sides can complement each other economically. In the next decade, China will have to import advanced equipment, technology, and necessary raw and semi-finished materials from abroad for carrying out its gigantic economic construction plan. In this light, the prospects are bright for economic cooperation between China and West Europe.

Highly evaluating Prime Minister Andreotti's contributions to restoring and developing bilateral relations, Premier Li Peng said: "Your excellency, your efforts have not only brought about the normalization of Sino-Italian relations, but also have helped to improve and develop China's relations with West Europe."

Andreotti expressed the belief that relations between the EC and China will not only be restored completely, but also continue to expand, because this is conducive to both sides.

Li Peng also talked with Andreotti about the relatively stable situation in Asia.

On the domestic situation in China, Li Peng said the Chinese Government would steadfastly implement the reform and opening policy advocated by Comrade Deng Xiaoping. He said: "Notable results have been achieved in China's economic retrenchment. The country enjoys an excellent situation, which has enabled us to accelerate the pace of reforms. While carrying out economic reforms, China has also attached great importance to political reforms and has strengthened the construction of democracy and the legal system. It is the common wish of all Chinese people that reforms be carried out under a stable political environment."

The two leaders reviewed, with satisfaction, the improvement and development of bilateral ties, and emphasized the importance of increasing exchanges of visits and direct dialogue between leaders of the two countries. They pledged to take positive measures to promote a sustained and steady growth in bilateral cooperation.

Attending the talks from the Chinese side were Qian Qichen, state councillor and concurrently minister of

foreign affairs; Li Lanqing, minister of foreign economic relations and trade; Jiang Enzhu, vice minister of foreign affairs; and Li Baocheng, Chinese ambassador to Italy. From the Italian side were Foreign Minister de Michelis, Foreign Trade Minister Lattanzio, and Ambassador to China Oliviero Rocci.

#### De Michelis Holds Talks With Qian

OW2701200192 Beijing XINHUA Domestic Service  
in Chinese 1634 GMT 27 Jan 92

[By reporters Huang Sixian (7806 1835 6343) and Zhao Zijian (6392 1311 0256)]

[Text] Rome, 27 January (XINHUA)—Qian Qichen, Chinese state councillor and foreign minister who has been accompanying Premier Li Peng on a visit to Italy, held talks with his Italian counterpart de Michelis this morning. The two foreign ministers expressed satisfaction with the improvement and development of relations between the two countries.

After extending greetings for Premier Li Peng's visit, the Italian Foreign Minister said: "The Italian Government pays great attention to Premier Li Peng's visit to Italy, which marks the full normalization of Italian-Chinese relations and heralds the further development of the relations between the two countries."

Qian Qichen said he was delighted to meet Foreign Minister de Michelis in Rome, adding that "the visit by Premier Li Peng to Italy, though short, is significant. The international situation has undergone profound changes. Under this situation, strengthening direct consultations between the two countries is not only important to China and Italy, but also conducive to world peace and stability."

Then, the two foreign ministers exchanged views on bilateral relations and international issues of common concern in a friendly and candid atmosphere.

De Michelis said: "Italy is deeply impressed by China's remarkable economic performance last year and is pleased to see its economic reform has been carried out further since the beginning of this year. There is a growing interest among Italian business circles in fostering economic and trade relations with, and to invest in China. The Italian Government will actively support economic and trade cooperation between the two countries."

Qian Qichen said: "We are pleased to see that Italy has already become the second largest trading partner in China's trade with western European countries. This shows the vitality and the right momentum for economic cooperation between the two countries. The Chinese Government is also supportive to the development of economic and trade relations between the two countries."

The two foreign ministers also discussed the situation in the former Soviet Union, in Yugoslavia, Cambodia, and the Korean Peninsula.

**Prime Minister Hosts Banquet for Li**

OW2701184192 Beijing XINHUA Domestic Service  
in Chinese 1656 GMT 27 Jan 92

[By reporters Huang Sixian (7806 1835 6343) and Zhao Zijian (6392 1311 0256)]

[Text] Rome, 27 January (XINHUA)—Italian Prime Minister Andreotti hosted a banquet for visiting Chinese Premier Li Peng at the Italian state guest house of (Madama) Palace at noon today.

Attending the banquet from the Chinese side were Qian Qichen, state councillor and foreign minister; Li Lanqing, minister of foreign economic relations and trade; Ma Hong, director of the State Council's Development and Research Center; and Qi Huaiyuan, director of the State Council's Office on Foreign Affairs.

From the Italian side were Foreign Minister de Michelis, Foreign Trade Minister Lattanzio, Governor Carlo Ciampi, the Bank of Italy, president Orlando of the Italian-Asian Association, and president Colombo of the Italian-Chinese Association.

The banquet was held in a warm and friendly atmosphere.

Prior to the banquet, Prime Minister Andreotti presided over a grand welcome ceremony for Premier Li Peng at Palazzo Madama [the Senate].

After a military band played the Chinese and the Italian national anthems, Li Peng, accompanied by Andreotti, inspected an Italian honor guard.

**'Major Common Interests' Exist**

OW2701191692 Beijing XINHUA in English  
1848 GMT 27 Jan 92

[Text] Rome, January 27 (XINHUA)—Chinese Premier Li Peng said here today there exist major common interests between China and Western Europe and that cooperation between the two sides is an important factor for world peace and stability.

Li, who arrived on Sunday on the first-leg of his four-nation European tour, made the remarks in talks with his Italian counterpart Giulio Andreotti during which the two leaders conferred on the international situation and furthering Sino-Italian relations.

The Chinese premier pointed out during the talks that there is no conflict of fundamental interests between China and Western Europe, and there exist major common interests between the two sides.

Cooperation between China and Western Europe constitutes an important factor for world peace and stability and their economies are mutually complementary, Li said.

There is a broad prospect for economic cooperation between the two sides, as China needs to import a great

deal of advanced equipment, technology and raw materials in its magnificent economic development program in the next 10 years, the Chinese premier said.

Andreotti said during the talks that relations between the European Community and China will be restored and further developed because it is to the benefit of both sides.

He extended a warm welcome to his Chinese counterpart and said Li's visit to Italy was of great significance.

The Italian prime minister also expressed his concern about the situation that developed after the disintegration of the Soviet Union.

"Italy is very concerned about the military policy, particularly the policy on nuclear weapons, pursued by the members of the Commonwealth of Independent States. Besides, the growing movement of fundamentalism in Central Asia and other areas is also worrisome."

Italy attached great importance to the role of the United Nations and the forthcoming summit of the 15 U.N. Security Council member countries showed the multipolarization of the world, Andreotti said.

The Chinese premier said China stood for strengthening the U.N. role in safeguarding world peace and security and that during the summit he would expound China's views on the establishment of a new international order and other issues.

"The world is neither tranquil nor secure, the situation is turbulent, and the future is hard to predict," Li said.

He briefed the host of China's views on the situation after the disintegration of the Soviet Union.

"We are willing to expand, on the basis of the five principles of peaceful coexistence, friendly relations and cooperation with all republics of the former Soviet Union.

"Like the rest of the international community, China is concerned about the issue of nuclear weapons of the former Soviet Union, and hopes that it will be solved properly."

On the domestic situation, Li said the Chinese Government will unswervingly implement the reform and open policy. The successful economic readjustment and good economic situation have endorsed China's speeding up of reform, he added.

"While carrying out economic reform, China also attaches importance to political reform, and will further promote democracy and improve the legal system.

"China's reform is implemented under a stable political situation, which is the common desire of the people throughout the country."

The two prime ministers pledged to take positive steps to promote Sino-Italian cooperation and stressed the need

of exchange of visits and direct dialogues between leaders of the two countries.

#### Li Thanks Parliamentary Speakers

OW2801034492 Beijing XINHUA Domestic Service  
in Chinese 0140 GMT 28 Jan 92

[By reporters Huang Changrui (7806 2490 3843) and Zhu Yunlong (2612 0061 7893)]

[Text] Rome, 27 Jan (XINHUA)—State Council Premier Li Peng successively met with Giovanni Spadolini, president of the Italian Senate, and Nilde Iotti, speaker of the Italian Chamber, here on the afternoon of 27 January.

On behalf of the Italian Senate and the Italian Chamber, Spadolini and Iotti separately extended a warm welcome to the visit by Premier Li Peng and his party. Premier Li Peng expressed his thanks and conveyed regards from Chairman Wan Li to them.

Spadolini recalled with pleasure his visit to China in 1985 when he was Italian defense minister. Li Peng also recalled his meeting with Speaker Iotti in Beijing back in 1986.

At the request of his hosts, Li Peng gave a briefing on China's domestic situation and foreign policy. The two speakers said they were pleased with the achievements scored by China as well as the improvement and development in the relations between Italy and China. They expressed the hope that the parliaments of the two countries will increase their contacts.

On behalf of Chairman Wan Li, Premier Li Peng invited Spadolini and Iotti to visit China at their convenience. The two speakers accepted the invitation with pleasure.

#### Meets Italian President Cossiga

OW2801035092 Beijing XINHUA Domestic Service  
in Chinese 0149 GMT 28 Jan 92

[By reporters Huang Changrui (7806 2490 3843) and Zhao Zijian (6392 1311 0256)]

[Text] Rome, 27 Jan (XINHUA)—Italian President Francesco Cossiga tonight met here with and extended his warm welcome to Chinese Premier Li Peng, who is making an official visit in Italy.

President Cossiga said: "I visited China in 1984 in the capacity of the Senate president, and that was an unforgettable trip. During that visit, Mr. Deng Xiaoping and I had a conversation which lasted more than an hour. He briefed me on the concept of 'one country, two systems,' and it left a very deep impression on me."

Li Peng said: "Deng Xiaoping is in very good health. Since the 1970's, China's economy has developed rapidly and the people's living standards have remarkably improved due to the policy of reform and opening to the outside world initiated by him. This is one of the major

contributions made by Comrade Deng Xiaoping. His another major contribution is his correct appraisal of Chairman Mao's merits and faults. The open and reform policy and the correct appraisal have a great bearing on the political stability in China today."

On China's domestic situation, Premier Li Peng emphasized that China's economic reform and political reform are an integrated package. He said: "We are speeding up the process of strengthening the democratic and legal system, and are giving further play to the important role of the People's Congress on various levels and the multi-party cooperation under the leadership of the Communist Party of China. China is enjoying political stability, social tranquility, and economic development."

President Cossiga was satisfied with the talks held earlier between the prime ministers of the two countries and with the improvement and development of bilateral relations. Premier Li Peng conveyed to him President Yang Shangkun's regards, and on behalf of President Yang, extended an invitation for President Cossiga to visit China at his convenient time. President Cossiga expressed his thanks for the invitation.

Present at the meeting were state councillor and foreign minister Qian Qichen, minister of foreign economic relations and trade Li Lanqing, director of the State Council foreign affairs office Qi Huaiyuan, and Chinese Ambassador to Italy Li Baocheng.

After the meeting, President Cossiga feted Li Peng and his party.

Italian Prime Minister Andreotti and his wife attended the banquet.

#### Switzerland's Felber Previews Li Peng's Visit

OW2801055492 Beijing XINHUA in English  
0518 GMT 28 Jan 92

[Text] Berne, January 27 (XINHUA)—Swiss President of the Federal Council Rene Felber said here today Chinese Premier Li Peng's visit to Switzerland will further increase the understanding and cooperation between Switzerland and China.

Felber, also Swiss foreign minister, told XINHUA that the cooperation between the two countries, particularly their trade, have developed smoothly since the 1950s.

Swiss export to China totals 500 million Swiss francs (about 390 million dollars) annually, and China's export to Switzerland is also continuously growing, Felber said.

He said Switzerland wants to develop economic and political relations with other countries, especially with China, a big nation with rich culture and huge economic potentials.

He noted Li's trip to Switzerland from late Tuesday until Thursday, will be the first by a Chinese premier.



Felber said he will discuss with Li Peng the European situation, foreign policies pursued by the two countries and their bilateral relations, as well as China's economic reform.

### Li Calls for 'Developing' European Ties

HK2801011392 Beijing CHINA DAILY in English  
28 Jan 92 p 1

[By Zhu Ling: "Li Calls for Developing Western Europe Ties"]

[Text] Rome—Visiting Chinese Premier Li Peng yesterday called for a major development in the relations between China and Western European countries.

Li told Italian Prime Minister Giulio Andreotti that co-operation between Italy and China is an "important factor" to secure world peace and stability, according to Wu Jianmin, the Chinese Foreign Ministry spokesman, who is part of Li's 57-member entourage.

"There exist no conflicts of fundamental interests between us, but important common interests," the 63-year-old Premier was quoted as saying during his hour of official talks with his counterpart at Villa Madama, a 16th-century palace used to entertain state leaders.

The Premier, the most senior Chinese leader to visit Italy since 1988, arrived in Rome on Sunday evening for a two-day official visit as a guest of Andreotti, who made a trip to Beijing last September.

Li's European tour, which will include six days in Switzerland, Portugal and Spain, is part of China's campaign to boost bilateral co-operation and further improve the country's relations with other European nations.

Though Li's visit is short, "it is of great significance," Andreotti said.

Among the 12 EC countries, Italy is China's second-largest trading partner.

Before the official talk, Li was given a red-carpet welcome at the Villa's front yard in brilliant sunshine.

Accompanying Li on his 46-hour visit are his wife Zhu Lin, State Councillor and Foreign Minister Qian Qichen and Foreign Trade Minister Li Lanqing.

The prospects for mutually-beneficial co-operation between China and Western European countries are great, Li told Andreotti. He added that "the two economies are strongly complementary."

The Italian Prime Minister was quoted as saying the relationship between European Community countries and China will be fully restored to normal, and he expressed his confidence that the bilateral ties "will continue its progress forward because this is mutually beneficial."

Italy attaches importance to the role of the United Nations, Andreotti said. He said he's happy about Li's attendance at a summit meeting of the UN Security Council later this week.

China is in favour of strengthening the role of the UN, Li said. It should play a bigger role in maintaining world peace and security, he said.

"I will put forward the views of the Chinese Government on such issues as setting up a new international order at the summit of the UN Security Council," Li said.

Early yesterday morning, Foreign Minister Qian Qichen held separate talks for 50 minutes with his counterpart Gianni de Michelis, who described Li Peng's visit to Italy as "an indication of a fully normalized relationship between the two countries."

In a separate 40-minute talk between Li Lanqing and Vito Lattanzio, Italy's foreign trade minister, Li said he hopes Italy will have greater economic involvement in China and also hopes for a greater Italian financial presence in terms of credits for the country.

Also yesterday morning, China agreed to buy \$150 million worth of ethylene equipment from Italy to boost the country's petrochemical industry in the southern provinces.

Li Peng and Andreotti attended the signing ceremony at the Villa Madama.

Under the agreement, chiefly backed by Italian export credits, China will buy Italian technology and equipment to construct the Guangzhou ethylene project with an expected production capacity of 115,000 tons annually.

The project is touted as a milestone in the history of South China's petrochemical industry, since it will be the first of its kind in the southern provinces.

The ethylene project, which is expected to be on-line in 1995, is among China's 14 key petrochemical projects to be completed during the 1991-95 period, when the nation's annual ethylene production capacity will double, to 4 million tons.

### German Bundestag Delegation Visits Beijing

#### Meets NPC Vice Chairman

OW2601083992 Beijing XINHUA in English  
0800 GMT 26 JAN 92

[Text] Beijing, January 26 (XINHUA)—Liao Hansheng, vice-chairman of China's National People's Congress (NPC) Standing Committee, held a working session here this afternoon with a delegation from the German Federal Assembly, which is led by Vice-President Hans Klein.

The German parliamentarians arrived here earlier today for a week-long official goodwill visit as guests of the NPC Standing Committee.

### **Hamburg DPA Reports Arrival**

*LD2601141792 Hamburg DPA in German  
1124 GMT 26 Jan 92*

[Text] Beijing (DPA)—A Bundestag delegation is in China on an official visit for the first time since the massacre in Beijing of 1989. Bundestag Vice President Hans Klein (Christian Social Union) met Liao Hansheng, vice chairman of the National People's Congress, for preliminary talks in Beijing today. Earlier, Klein handed over medicine and blankets to the Chinese Red Cross for the victims of last summer's flooding in eastern China.

### **Meets Vice Premier Zhu Rongji**

*OW2701025792 Beijing XINHUA in English  
0237 GMT 27 Jan 92*

[Text] Beijing, January 27 (XINHUA)—Chinese Vice-Premier Zhu Rongji met and exchanged views here this morning with a delegation from the German Federal Assembly, which is led by Vice-President Hans Klein.

The German parliamentarians arrived Sunday for a week-long official goodwill visit to China as guests of the Standing Committee of China's National People's Congress.

### **Discusses Cooperation With Jiang**

*OW2701125492 Beijing XINHUA in English  
1246 GMT 27 Jan 92*

[Text] Beijing, January 27 (XINHUA)—Jiang Zemin, general secretary of the Communist Party of China, voiced his wish today for enhancing mutual understanding and deepening friendship between China and Germany.

Jiang expressed this wish during an afternoon meeting with a delegation from the German Federal Assembly, which is being led by Hans Klein, the assembly vice president.

The general secretary described Sino-German relations as friendly, saying that the two peoples have enjoyed a continuing goodwill relationship.

According to Jiang, China hopes to develop relations with Germany on an equal footing. He said that in order to deepen mutual understanding and promote friendship the relations should be based on the five principles of peaceful coexistence.

While expressing his views concerning the Sino-German relationship, Klein, who is visiting China for the third time, said he hopes to see expanded cooperation between the two peoples.

According to a Chinese official, Jiang said that democracy and freedom are relative rather than absolute concepts, and that the two must be suited to the historical tradition, cultural and educational levels and the social system of a particular country.

Jiang briefed his guests on China's political system which includes multi-party cooperation led by the Communist Party and the people's congress system. China will continue to strengthen efforts towards developing democracy and strengthening its legal system, said Jiang.

Jiang pointed out that China, the world's most populous country with over 1.1 billion people, has achieved great economic development since the founding of New China in 1949, and particularly since 1978. He added that the country has basically solved the problems of feeding and clothing such a massive population.

The general secretary stressed that political and social stability in China will not only benefit the country's economic development, but the stability and development of Asia and the world, as well.

Earlier today Chinese Vice-Premier Zhu Rongji met with the delegation.

**Political & Social**

**Bao Tong Reportedly To Be 'Scapegoat' for Zhao**  
*HK2801001992 Hong Kong THE STANDARD*  
*in English 28 Jan 92 p 1*

[By Cheung Po-lin]

[Text] Bao Tong, a close aide of disgraced Chinese Communist Party chief Zhao Ziyang, is likely to be made a scapegoat for the "faults" committed by Mr Zhao, according to Chinese sources.

Mr Bao, 60, was accused of leaking the secret deployment of martial law troops to students who occupied Tiananmen Square in May, 1989.

The former private secretary to Mr Zhao is the most senior Chinese official being charged with crimes in connection with the pro-democracy movement. He was formally arrested two weeks ago.

Mr Bao's family was surprised by the arrest but believed he would go free eventually as authorities have had difficulty gathering incriminating evidence after years of investigation.

Mr Zhao declared at the time he was willing to bear all responsibility for his "faults" and that his subordinates should be pardoned from prosecution.

It is understood that the question of Mr Zhao's fate would be decided no later than the 14th party congress in autumn.

Analysts said authorities were prosecuting former aides of Mr Zhao either to seek scapegoats to pave the way for his rehabilitation, or as prelude to a final and more severe persecution of Mr Zhao.

Sources said Mr Bao's family thought the former possibility was more likely and were anxious to do everything possible to exonerate him.

The Bao family has been allowed to hire a defence lawyer, although they might be barred from attending the closed door hearings as the trial will concern state secrets.

Zhang Sizhi, the defence lawyer of Wang Juntao, one of the "black-hands" of the student movement, had promised to represent Mr Bao, sources said.

However, the family feared the Ministry of Justice might try to influence the defence lawyer, as they had in Mr Wang's case.

Sources said Mr Bao had been under house arrest at a guesthouse of the Qincheng Prison since June 1989.

Gao Shan, Mr Bao's deputy who has also been charged recently with "leaking state secrets", was permitted a short home leave during his detention.

Mr Bao is still listed as a member of the party's powerful Central Committee. Before the 1989 Tiananmen Square crackdown he headed the party's Research Centre for Political Reform, which has since been disbanded, and was a key architect of Mr Zhao's economic-reform programme.

**Deng's, Yang's Inspection of Special Zones Viewed****'Sense of Urgency' on Reform Instilled**

*HK2801041892 Hong Kong WEN WEI PO in Chinese*  
*28 Jan 92 p 2*

["Special article" by Li Wen (2621 2429): "Instill Sense of Urgency on Reform and Opening Up—Written After Deng Xiaoping's, Yang Shangkun's Inspection of Shenzhen"]

[Text] Deng Xiaoping, the general architect of China's reform and opening up, recently visited Shenzhen. He did not give any official speeches, perhaps because his visit was mainly part of a leisure tour, but on unofficial occasions he talked a lot and always talked about reform and opening up. This shows that Deng Xiaoping has not changed his ideas about reform and opening up and seemed to instill a sense of urgency to reform and opening up.

**Stock Markets in Shanghai and Shenzhen Are Successful**

According to sources, after listening to a report about the operation of the stock market in Shenzhen, Deng Xiaoping said: Some people say that stock transactions are a capitalist practice. We have carried out experiments in Shanghai and Shenzhen and they proved to be successful. It seems that some capitalist practice can also be applied under the socialist system. It does not matter if mistakes are made in application. There is no 100 percent perfection in the world.

From the stock market, he shifted to talking about reform and opening up and said that it is necessary to be bolder and to open on a larger scale.

**Reform and Opening Up Is the Only Option**

Deng Xiaoping stressed that without carrying out reform, China will not have a bright future. He said: Reform and opening up is China's only option. If China does not carry out reform, it will just move into a blind alley [si lu yi tiao 2984 6424 0001 2742]. Whoever is opposed to reform must leave office [shui bu gai ge jiu zhi you xia tai 6142 0008 2395 7245 1432 0662 2589 0007 0669].

**"You Should Speed Up Your Pace!"**

The Shenzhen Special Economic Zone is a "window" and an "experimental plot." One day, when Deng Xiaoping was taking a walk in the garden of the Shenzhen Guesthouse, some people mentioned that he wrote encouraging words for Shenzhen eight years ago. He



immediately repeated what he wrote: "Shenzhen's development and experience show that our policy of setting up special economic zones is correct." This not only shows that Deng still has good memory and a sober mind, but also shows that he has a deep impression of the Shenzhen Special Economic Zone and deeply cherishes it.

It is said that in Xianhu Botanical Garden, when the city party committee leader asked Deng Xiaoping to stay a few more days in Shenzhen, Deng did not answer directly. When Deng was taking a walk in the guesthouse, the city leader again invited him to visit Shenzhen next time, he still did not reply and seemed lost in thought. After taking a few steps, he turned around and said: "You should speed up your pace."

As some people have analyzed, Deng said this perhaps because he thought that he is at an advanced age already or perhaps because he was eager about reform and opening up.

#### **Faster and Better Than Expected**

PRC President Yang Shangkun also made a five-day inspection visit to Shenzhen. He said: You should continue to develop the Shenzhen Special Economic Zone, continue to carry out the reform and opening policy, and take more flexible and bolder measures to expand the scale of opening up.

When visiting Shenzhen, Yang Shangkun successively visited factories, rural villages, and the frontier facilities, and listened to work reports by responsible officials in Guangdong Province and Shenzhen City. President Yang fully affirmed the achievements of the Shenzhen Special Economic Zone and praised Shenzhen for developing rapidly and developing faster and better than expected. He said that Shenzhen played a positive role in promoting reform and opening up throughout the country. He said: At present, China's situation is very good. The state and the people pin new hopes on the Shenzhen Special Economic Zone, and it is hoped that it will speed up the pace of reform and opening up in the second decade and will further improve the construction of material and spiritual civilization.

#### **"Don't Be Too Conservative!"**

When responsible officials from Guangdong Province and Shenzhen City mentioned some problems that needed to be solved in the development of the special economic zone, such as the need to improve the management of the first frontier (between Hong Kong and Shenzhen) and the second frontier (between Shenzhen and other mainland areas) and the necessity of restoring some favorable policies for the special economic zone, Yang Shangkun said: "I will support all the policies and measures that are favorable to reform, opening up, and development." He also said: Some previously favorable policies should be restored and more flexible policies should be adopted according to the new situation in reform and opening up. That is, the scale of opening up

should be further expanded. In the course of its development, the special economic zone should continue to break new ground and should not be too conservative. Yang Shangkun also wrote the following words of encouragement for Shenzhen: "Continue to develop the Shenzhen Special Economic Zone and stride into the 21st century."

On the morning of 24 January, Yang Shangkun inspected Zhongying Street (Sino-British Street) in Shatoujiao. The street was full of colorful goods and crowds shopping before Chinese New Year. When seeing that reform and opening up have brought such prosperity to this border town in south China, Yang Shangkun was very glad and frequently waved to the surrounding masses or clapped his hands together with the masses.

In Shatoujiao, Yang Shangkun also climbed to the top floor of the town government's office building and had a full view of the Yantian Deep Water Dock and the new look of the Shatoujiao Bonded Processing Zone, where row upon row of new plants line the streets. He encouraged the people constructing the special economic zone to carry forward their creative spirit and further advance reform and opening up successfully.

#### **'More Open' Policy Seen**

HK2801065392 Hong Kong WEN WEI PO in Chinese  
28 Jan 92 p 2

[Editorial: "Deng Xiaoping's Visit to Special Zones Shows China Is More Open"]

[Text] Deng Xiaoping recently visited and inspected Shenzhen and Zhuhai Special Economic Zones (SEZ's), and this became the major news carried by Hong Kong newspapers. This news has not been reported by the mainland's newspapers and television, and that is normal. Deng Xiaoping has withdrawn from the front line, and no longer holds party or government office; he allows the CPC's third-generation leadership core to handle problems, and this reflects a sound political operation in China. Precisely because of this, his whereabouts have not been reported like a party and state leader.

Deng Xiaoping proposed that he not meet foreign dignitaries again or allow the mainland's mass media to report on his activities. Deng Xiaoping proves with his actions that China's reform of the political system—abolishing the life-long tenure of leading posts for cadres—is serious. A large number of old revolutionaries have withdrawn from leading posts, and supported the young generation in taking over the work. This has guaranteed a legalized procedure for the transfer of personnel and power, and let the new people develop their talents independently when they handle administrative affairs and train themselves. Judging from the outstanding achievements in China's economic construction and

diplomatic work over the past few years, China's work in handing over the duty to the next shift has been very successful.

The practice of abolishing the life-long tenure of leading posts for cadres is an important content of the reform of China's political system; its impact on history will be very profound, and it will be a great contribution to the promotion of China's advancement. The abolition of life-long tenure of leading posts for cadres is a big thing; therefore, Deng Xiaoping is very serious about not allowing the mainland's mass media to report on his activities.

On 25 January, XINHUA NEWS AGENCY and the Central Television Station reported President Yang Shangkun's inspection of Shenzhen SEZ and Shekou Industrial Zone. Yang Shangkun pointed out that the SEZ's should uphold the policy of reform and opening up, and be more relaxed and courageous.

This is an important message: As 1992 begins, China is determined to step up the reform and opening up, and promptly quicken its pace. Although the international situation is often changing, the current world pattern is favorable for China to enter the international market; to absorb foreign funds; to develop scientific and technological, economic, and trade cooperation with various countries; and to boldly and actively advance and develop a diversified export policy. The SEZ's are the frontiers of the reform and opening up, as well as the areas where the commodities are most suited to the international market and the export strength is greatest. Last year, exports experienced a 20 percent growth, which was rare in the world. At present, the world is in recession, and the United States is actively seeking trade opportunities in the Asia-Pacific region; West Europe was greatly excited by its belief in the business opportunities in the Soviet Union and East Europe after great changes took place there, but has now cooled down, and must consider the impact on West Europe caused by the increase in the turmoil; China's political situation is stable, and its economy is developing prosperously; and West Europe has again stretched its trade antenna to the Chinese market of 1.1 billion people.

Deng Xiaoping and Yang Shangkun inspected the SEZ's together, and this has an extraordinary meaning. Deng Xiaoping is the chief architect of China's reform and opening up, and a strategist with great insight; his great blueprint and concept of building socialism with Chinese characteristics has not been affected by his withdrawal, but is being passed on from one generation to another. People are walking a quicker pace to realize the blueprint.

Deng Xiaoping came to Shenzhen and Zhuhai in 1984; eight years later, he is visiting the old places again, when the SEZ's are more sophisticated, have numerous high buildings, have prosperous export industries, and have a rapidly improving living standard for the people. The vigor of Chinese-style socialism is reflected everywhere. The road of reform and opening up proposed by Deng

Xiaoping is correct. When he sees the successors to party and government posts expediting the reform and opening up in 1992, he certainly is happy because there are people who can carry on the undertaking. The Hong Kong stock market surged in the past several days, precisely in sharp response to the good message brought about by Deng Xiaoping's inspection of the SEZ's.

#### **Daughter Helps Deng To Walk, Hear in Shenzhen**

*HK2801045392 Hong Kong TA KUNG PAO in Chinese  
28 Jan 92 p 2*

[By Hu Min (5170 3046): "Interesting Episode About Deng Xiaoping's and His Daughter's Visit to Shenzhen"]

[Text] During his current visit to the south, Deng Xiaoping has all along been supported by the arms of his daughter, Deng Rong. The latter has also served as his "interpreter." Deng is still very clear and quick in thinking, sometimes adding interesting and humorous things to his remarks, but his hearing has become much poorer so he could not leave his daughter, who also served as his "hearing aid."

While visiting the Xianhu Botanical Gardens, Yang Shangkun came up to him and Deng Rong told him loudly in his ear: "Uncle Yang has come!" Then, Deng Xiaoping turned round to Yang.

Looking at a rare plant, which was called the "bachelor's tree," workers there explained that as such trees grow in dry and barren areas, they do not have leaves. That is why they are called "bachelor's trees." Deng Rong explained to her father: "It is still unmarried at the age of 50, so it is called a bachelor's tree." Her father and people around all laughed upon hearing these remarks. The workers then said that after the tree was transplanted in this garden, where conditions were better, leaves had begun to grow. Deng Rong again told her father loudly: "Since reform and opening up, as life has improved, leaves have begun to grow on the bare-headed bachelor!" Her father started laughing again.

#### **Reports on Jiang Zemin Inspection Tours, Comments**

##### **Views Shanghai's Infrastructure**

*OW2401130792 Shanghai JIEFANG RIBAO in Chinese  
21 Jan 92 p 1*

[By XINHUA reporter Chen Maodi (7115 3029 1717): "The General Secretary Shows Concern for Shanghai's Infrastructural Construction—Sidelights on General Secretary Jiang Zemin's Inspection of Shanghai"]

[Text] The construction of infrastructural facilities in Shanghai is an important matter for which Comrade Jiang Zemin has always shown concern. He showed concern over this when he was mayor of Shanghai and secretary of the municipal party committee, and he continued to do so after assuming the post of general secretary of the CPC Central Committee. Every time he

met a comrade from Shanghai who visited Beijing, he would inquire with concern about Shanghai's infrastructural construction, highway traffic, and living conditions in urban and rural areas.

Inspecting infrastructural as well as urban and rural housing construction occupied a great portion of his time during his tour of Shanghai from 15 to 18 January. On 15 January, while hearing work reports by the municipal party committee and municipal government, he inquired in detail about the progress of urban infrastructural facilities in Shanghai in recent years. In their reports, municipal party committee Secretary Wu Bangguo and Mayor Huang Ju said that an initial modern communications system linking with the outside world, a highly effective urban road system, and a powerful and convenient public transportation system will be established in Shanghai in the 1990's. After completion of the Nanpu Bridge, efforts are being made to speed up construction of the Yangpu Bridge and the elevated inner ring road, and also the expansion of Wusong Road, Jiangsu Road, Lujiabin Road, Xujiahui Road, and other main communications lines. In addition, 5 million square meters of housing will be constructed every year. After hearing their reports, Jiang Zemin expressed satisfaction with the rapid progress of urban infrastructural construction and the great change in Shanghai's appearance over the past two years. He said that speeding up the construction of urban infrastructure is very important to developing the economy, improving the transportation environment, and raising the quality of life. However, the process of construction will certainly cause the residents temporary difficulties. On the one hand, construction units are required to work in a civilized manner to speed up progress so as to create more facilities for raising people's quality of life; on the other hand, it is necessary to tell the masses to be mentally prepared to overcome the current temporary difficulties.

From 16 January, General Secretary Jiang Zemin inspected the Nanpu Bridge, the Xinsong Speedway, the Wusong Road Sluice Bridge across the Suzhou He, which had been completed; the Yangpu Bridge, the subway system, and the Heliu Sewage Treatment Project, which are still under construction; and the work site of the Shanghai Radio and Television Tower. He also visited hard-working engineers, technicians, and construction workers. On the morning of 16 January General Secretary Jiang Zemin, stepping up to the magnificent Nanpu Bridge, full of pride and enthusiasm, happily termed the bridge the pride and important hallmark of Shanghai. Tightly holding the hand of Zhu Zhihao, the chief engineer directing the construction of the bridge, he said: "This is the historical contribution made by you and the entire body of workers who took part in the construction of the bridge." Wu Bangguo said that he is also the chief director of the construction of the Yangpu Bridge. Jiang Zemin immediately lauded him by saying: "It is no simple task for a person to build such a bridge in a lifetime. You are extraordinary because you can build two giant bridges." Warmly greeting the construction

workers of the Yangpu Bridge on the Pudong work site, Jiang Zemin said in Shanghai dialect: "How do you do! Thank you, thank you!"

The Shanghai sewage treatment plant is a large urban infrastructure project financed by foreign funds. The project was adopted when Jiang Zemin was working in Shanghai in accordance with the instructions—contained in the State Council's "Reply to the Comprehensive Development Plan for Shanghai Municipality"—"to deal with the pollution of the Suzhou He and Huangpu Jiang and make the dark and smelly waters of the two rivers clean again." On 25 August 1988, Jiang Zemin personally attended the ground-breaking ceremony for the project. After 3 years of construction, the project has begun to take shape. On the morning of 17 January, Jiang Zemin visited the construction site of Pengyue pumping station to get some first-hand knowledge of the progress of the project. When he asked with interest when polluted water will no longer flow into the Suzhou He, Wang Zehua, who is in charge of the project, told him that by the end of 1993, the river will bid farewell to polluted water. Hearing this, Jiang Zemin smiled with delight. He told Wang Zehua: "You have done a good job. You are old but vigorous. In those years you did a lot of legwork with me for road construction in Pudong." When he was leaving the construction site, he waved to the workers, saying: "You have been working hard."

Jiang Zemin also showed great concern for housing development for peasants. On the afternoon of 16 January, he went to Qizhong village, Maqiao township, Shanghai County. Upon entering the village, rows of houses of various styles came into view. With a smile, Jiang Zemin asked Wang Shunlong, secretary of the Maqiao township party committee, and Gao Fengchi, secretary of the Qizhong village party branch: "Really remarkable; what helped you make a fortune like that?"

Wang Shunlong and Gao Fengchi answered in unison: "We owe it to the party's policies and the correct leadership of the Shanghai municipal party committee and government." After visiting the village's newly completed recreational and sports facilities, Jiang Zemin commented with feeling: "I have been to villages of many countries. Not many of them have facilities like these."

After that, he strolled into the courtyard of No. 313, Qizhong 3d District, the residence of the couple Gao Jiangang and Zhang Qinfang. He sat down with the couple in their living room and started a conversation with them. Jiang Zemin asked: "How much did you spend on this handsome house?" The hostess answered: "70,000 yuan." Jiang Zemin asked: "How much was your down payment?" The host answered: "40,000 yuan. The rest was borrowed from the village to be paid back in installments." Gao Fengchi, the village party branch secretary, chipped in: "Our village worked out a long-term housing development plan as early as 1983. All the families were asked to save money for the housing funds."



The houses were built under a unified plan. So far, we have built some 300 units. We have made economical use of lands and have built beautiful houses." Hearing this, Jiang Zemin said with a smile: "When I was in Shanghai, I never heard of your plan. Now, it is no longer a plan; it has become reality." Talking to Gao Jiangang's mother, he cordially asked her: "Have you ever dreamed that someday you would live in a beautiful house like this?" The old lady said cheerfully: "Never. We owe it to the Communist Party."

Jiang Zemin also visited the village's kindergarten and primary school. He expressed satisfaction with the village's achievements in stabilizing and perfecting the responsibility system with remuneration linked to output and in bringing about common prosperity through developing the collective economy and village-run industries.

It was time for the general secretary to leave. Gao Fengchi said: "We invite the general secretary to come to our village again."

Jiang Zemin said with a smile: "You will certainly be richer when I come here again in a few years."

#### In Nanjing 18-25 Jan

OW2501214092 Beijing XINHUA Domestic Service  
in Chinese 1153 GMT 25 Jan 92

["While in Jiangsu, Jiang Zemin Emphasizes Comprehensively Implementing the Party Basic Line in a Down-to-Earth Manner and Guarding Against Formalism"; by reporter Yin Xuecheng (3009 1331 2052)—XINHUA headline]

[Text] Nanjing, 25 Jan (XINHUA)— During his recent inspection tour of Jiangsu, Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, emphasized that we must work in a down-to-earth manner and guard against formalism in order to fully understand and implement the party's basic line and build socialism with Chinese characteristics.

From 18 to 25 January, Jiang Zemin inspected work in Xuzhou, Lianyungang, Wuxi, Changzhou, Zhenjiang, Taizhou, and Nanjing. He was accompanied by Shen Daren, secretary of the Jiangsu Provincial CPC Committee; Governor Chen Huanyou; and Shi Yuxiao, political commissar of the Nanjing Military Region.

During the inspection tour, Jiang Zemin repeatedly emphasized that since the Central Committee has already laid down the general principles and policies, the most important thing today is to vigorously implement the various tasks. Party and government leaders at all levels must rectify their workstyle in earnest; maintain closer ties with the masses; persistently implement the party's basic line of emphasizing the central task of economic development and the two basic points, namely, adherence to the four cardinal principles and

implementation of reform and opening up; and carry out their work in a down-to-earth manner to fulfill the second-step strategic objective of our country's modernization. He fully affirmed the workstyle of "seeking truth from facts, dealing with concrete matters relating to work, and working hard to implement policies" that is being promoted by the Jiangsu Provincial CPC Committee throughout the province. He pointed out that in promoting the party buildup today, we must truly pay special attention to rectifying the workstyle of the leadership at various levels in earnest, maintaining closer ties with the masses, doing more solid work, and guarding against formalism. Leading bodies at all levels must vigorously cut back nonessential meetings and reduce the excessive routine activities of leadership at all levels so that they will have more time and energy to acquire a better understanding of objective reality, go deep among the masses, make more investigations and studies, supervise and speed up the fulfillment of tasks, and solve practical problems. Only by doing this will we be able to ensure that the party's principles and policies are truly implemented. At the same time, we must continue our efforts to build an honest and clean administration and firmly punish corruption. We must set strict demands on leading cadres and tighten party discipline. Under the conditions of economic reform and opening to the outside world and of the development of a commodity economy, Communist Party members need to be even more honest. In this regard, we must win the people's confidence with our deeds.

The focus of Jiang Zemin's inspection is to find out the situation in state-owned large and medium-sized enterprises following last year's central work conference. He visited the Xuzhou Heavy-Duty Machinery Plant, Huajing Electronics Group, Changzhou Diesel Engine Plant, Zhenjiang Anchor and Chain Plant, Chunlan Refrigeration Equipment Plant in Taizhou, Yangzi Petrochemical Corporation, and Nanjing Automobile Plant, and other large and medium-sized enterprises and exchanged views with enterprise cadres, workers, and scientific and technological personnel on transforming enterprises' internal mechanisms, speeding up technical innovations, accelerating the development of new products, raising the quality of workers, and improving scientific management.

Village and township enterprises that are scattered all over the province have been known as "half the sky" of Jiangsu's economy. In high spirits, Jiang Zemin visited the No. 3 Chemical Fibre Mill and oil extraction equipment in Dongjiang Township, Wuxi County. He spoke highly of the role played by these enterprises in rural economic development. He told the provincial and city cadres accompanying him that the more the rural economy develops, the more attention should be paid to promoting the spiritual civilization. We must, with the ideological conditions of the peasants in mind, conduct education on patriotism, collectivism, and socialism through the use of literary and artistic forms popular among the peasants and build a new socialist countryside with Chinese characteristics.

While visiting Nanjing University and Zijinshan Observatory, Jiang Zemin spoke highly of the great contributions to China's modernization made by the intellectuals under party leadership. While visiting Nanjing University, he cordially met old and newly elected members of the China Academy of Sciences and faculty and student representatives. He earnestly and ardently urged them to enhance their socialist convictions and to develop the fine traditions of Chinese intellectuals, that is, loving their motherland and making unremitting efforts to improve themselves, and make new, even greater contributions to the grand cause of the four modernizations of the motherland.

As the Spring Festival approached while he was on the inspection tour, Jiang Zemin called on veteran comrades in localities and in the military, commanders and fighters stationed in Jiangsu, the officers and men of the armed police, and public security police and extended Spring Festival greetings to them. On the evening of 24 January, Jiang Zemin also attended a Nanjing army-civilian Spring Festival get-together in high spirits.

Also accompanying him on the inspection tour were Yang Dezhong, Ye Qing, Liu Mingpu, Ma Zhongchen, and Hui Liangyu.

**Tian Jiyun in Hainan; Notes 'Urgency' of Opening**  
*OW2801104092 Beijing XINHUA in English*  
1025 GMT 28 Jan 92

[Text] Haikou, January 28 (XINHUA)—Chinese Vice-Premier Tian Jiyun stressed urgency and greater steps in opening to the outside in order to achieve greater successes in economic work.

The vice-premier made the remarks during his inspection tour of Hainan Province, the largest special economic zone in China, from 23rd to 27th [as received]. Tian is also member of the Political Bureau of the Chinese Communist Party Central Committee.

Accompanied by provincial party chief Deng Hongxun and Governor Liu Jianfeng, Tian toured several cities and counties and held discussions with local officials on the local economy, port construction, comprehensive agricultural development and tourism.

Tian praised the political and social stability, economic growth and improvement of investment environment in the province since it became a special economic zone.

He asked local officials to firmly pursue the opening policy with greater courage and faster steps.

The reforms and opening to the outside world could mean taking some risks, but there could be greater risks and no way out if China does not pursue the reform and open policy, Tian pointed out.

Tian reassured local officials of the support and attention from the central authorities for the development of the Yangpu area. It is generally possible for a foreign

business to contract for the overall development of an entire piece of area, Tian said, adding the development of the Yangpu area will surely benefit the local and even national economy.

As for agriculture, the vice-premier pointed out that Hainan is different from other special economic zones in that it has a large rural area; agriculture has to be a priority on the local government's agenda. He stressed comprehensive development of farming, forestry, animal husbandry, sideline production and fisheries, and of farm produce processing and marketing.

Efforts must be made to combine agriculture with industry and commerce, and the secondary and tertiary sectors must be expanded to support agriculture, Tian said.

Development of tourism has just started in the province and there remain great potentials of tourism resources to be tapped, Tian said, adding the island province enjoys bright prospects for developing the tourism industry.

**CPC 'Senior Person' on Need for Further Reform**  
*HK2801034592 Hong Kong TA KUNG PAO in Chinese*  
28 Jan 92 p 2

["Special dispatch": "Senior Person in CPC Says Without Reform and Opening Up, China Would Not Be as It Is Today"]

[Text] Beijing, 27 Jan (TA KUNG PAO)—It has been learned that a senior person in the CPC stressed recently that without reform and opening up, China would not be as it is today. It is not easy for China to stand firm in the East as a big country. Without reform and opening up, without the series of correct policies and lines mapped out since the Third Plenary Session of the 11th CPC Central Committee, China would not be as it is today.

He pointed out: During the "Cultural Revolution," it was said that the bourgeoisie was within the party. Now some people are saying that this is correct. How could that be the case? If we say that the bourgeoisie exists in the party, then the vanguard of the proletariat can also be said to be the vanguard of the bourgeoisie. Thus, the political party theory should be restudied. If we say that the bourgeoisie exists in the party, we will have to carry out class struggle within the party. This has already been negated by the Third Plenary Session of the 11th CPC Central Committee, which was of epochal significance in the history of our party and our republic.

He continued: As great changes have taken place in the Soviet Union and East Europe, socialists throughout the world are concentrating their attention on China. In China at present, there is an ample supply of materials and commodities. People do not have to line up to buy things. This is a great achievement made since the Third Plenary Session of the 11th CPC Central Committee. The idea of fixing output quotas for each rural household was criticized for 20 years. It was not reiterated by the

Third Plenary Session of the 11th CPC Central Committee, which only proposed building up the strength of peasants. But in 1980, Document No. 9 began to say something about this. It proposed to fix output quotas for households in poor mountain areas and "brigades relying on state subsidies." Very good results were achieved in trials of this idea. In the past, the peasants did not work hard though it appeared so in the fields. After fixing output quotas for them, they began to work very hard and no longer relied on subsidies. Structural economic reform in town and countryside and all-around reform were thus promoted. Our reforms were started by the masses. They came from practice and were supported by the masses. That is why great changes have taken place in our economic situation and the masses of people have benefited a great deal from all of this. The peasants hope that the current policies will remain unchanged. This shows that they support existing policies and are afraid of political movements which may result in a change of policies. Workers have also benefited from reforms, though they still have some complaints. Reforms are also good for intellectuals. Of course, they are still rather poor. The life of cadres has also been greatly improved since reform.

The person from the CPC also said that as we have adhered to a correct line since the Third Plenary Session of the 11th CPC Central Committee, China occupies an important position in the international community. In the future, we must continue to carry out reforms. What should we discard through reforms? We should discard those things which we learned from the Soviet Union during the initial post-liberation period and which do not suit China's national conditions. In other words, we should discard the old, rigid pattern which was rendered at the 12th CPC National Congress. Some East European countries collapsed because they did not discard the old pattern.

He continued: Economic improvement and rectification have ended. This has been decided by the central authorities. At that time, as we wanted to slam the brakes on reform, many measures were adopted. Now the situation has changed. The main task is to deepen reforms and open up wider to the outside world. In the 1990's, we must firmly grasp reforms and change whatever should be changed. At present, the conditions exist for opening up wider to the outside world. Only when we carry out our policies and make good our promises will foreign investors dare to come. Before they put money in our country, investors from Hong Kong, Southeast Asia, and the United States have to ponder things very carefully—more carefully than we do. We certainly have to pay some costs as long as they can promote our economic development.

#### **Chen Yun Reportedly Challenges Deng Xiaoping**

HK2701135492 Hong Kong CHENG MING in Chinese No 172, 1 Feb 92 pp 6-8

["Notes on Northern Journey" by Lo Ping (5012 0393): "Chen Yun's New Challenge to Deng"]

[Text] On one side, some 200 million people joined in the funeral march for totalitarian socialism; on the other side, a small handful of octogenarians are supplying oxygen to totalitarian socialism.

#### **Chen Yun Explicitly Proposed Another Line**

Chen Yun is the chieftain of that small handful of octogenarians. Recently, he has been extraordinarily active and put forth a series of opinions on current major CPC personnel issues and key work. He was not making a fuss about nothing, but he put some weight in his remarks aimed at the opening up faction at the CPC top echelon. To make it more specific and precise, Chen Yun has challenged Deng Xiaoping anew.

On the focus of the party's work, Deng Xiaoping has all along stressed economic work as the center. The 13th CPC National Congress also affirmed that "center," whereas Chen Yun negated modernization as the center of the party's work prior to the Eighth Plenary Session of the 13th Central Committee, proposing another center of work. He wrote a letter to the Central Committee, saying that presently the center of the party's work should be augmenting the party's ideological building, adhering to the principle of party spirit, and bolstering faith in socialism and communism. That is obviously an ideological and political line. In other words, Chen Yun has set forth a line totally different from Deng Xiaoping's. Regarding Chen Yun's challenge, Deng Xiaoping made a counterattack during his recent five-province, seven-city tour. (Editor's note: Please refer to related articles carried in this issue.) [See item headlined "Article Views Deng-Chen Yun Dispute on Reform," published in the Political & Social section of the 27 January China DAILY REPORT, beginning on page 28, right-hand column of page] The struggle between Deng Xiaoping's line and Chen Yun's line has not only begun but is also escalating.

#### **Chen Yun Aims To Repel Non-Marxist-Leninist Tendency in Leadership Echelon**

To push this conservative, stubborn, and ultra-leftist line, Chen stressed the imperativeness of repelling the tendency of "giving up the basic Marxist-Leninist principles inside the leadership echelon," to the effect that the members of the party's supreme leadership must be ultra-leftists; that is Chen Yun's organizational line. Presently, the Chen Yun faction is accelerating organizational work. They aim to plant more of their own people in the leadership echelon through the 14th National Congress to be held late this year, in order to seize greater power and change the stalemate in the struggle between the two factions and beat the faction supporting opening up.

To achieve this, Chen Yun has already made the first move; he proposed that those people around Deng Xiaoping, namely, Yang Shangkun and Wan Li, should retire.



### Chen Yun Proposes Wan Li, Yang Shangkun Retire

In the wake of the conclusion of the Eighth Plenary Session of the 13th Central Committee, Chen Yun proposed to the Central Committee Political Bureau: "Regarding personnel reshuffles at the party's 14th National Congress, it is necessary to grasp the general principle. Those who should retire must go, and we should refrain from pursuing 'exceptions' and finding some 'pretexts.' Should there be one 'exception,' there would be a second, and a third. [Li] Xiannian and I have long made up our minds to retire. If those above do not retire, comrades under them will never come up. How are we to resolve the problem of successors? Any delay means another four or five years. I propose: [Li] Xiannian, [Yang] Shangkun, Wan Li, and I should fully retire, without taking up any other job. Regarding other comrades, their conditions may come under discussion, and those who should retire had better go earlier. When they retire, they can do some investigation and research, summarize work, and provide the new leading body with their results. If we old comrades do not fully retire, the new leading body will never find itself free enough to unfold work, and local leading bodies will also be affected."

This move of Chen Yun's has "checked" Deng Xiaoping. He intended to "wipe out" some of Deng Xiaoping's "right-hand men," with great annihilating power. Superficially, it will be "everyone retiring at the same time"; however, when Chen Yun retires, he will continue to "play his role."

### Deng Xiaoping Adopts "Removing-Bricks-From-Bottom-Up" Strategy

Should Yang Shangkun and Wan Li, who lean toward Deng Xiaoping, retire, Deng's strength will be reduced. Not long ago, Deng Xiaoping expressed where he stood on the issue of the octogenarians' retirement: Wan Li is still in pretty good shape and may serve one more term in the office of NPC [National People's Congress] Standing Committee chairman. Now Chen Yun would even get Wan Li involved. Of course, that was his first move, and the Chen Yun school will make the second, and the third, moves.

Chen Yun's act also aimed at Deng Xiaoping's proposal on abolishing the Central Advisory Commission. Upon hearing that Shenyang and Dalian Advisory Commissions no longer participated in local party and government advisory work while on an inspection tour of the northeast on 24 December 1991, Deng Xiaoping said: When it was decided to found the Advisory Commission system, it aimed to be a transitional measure for abolishing the system of life tenure for leading posts. Now 10 years have passed; the time to resolve this issue is ripe. Should the Advisory Commission system continue for a long time, there will be a negative reaction. Beyond a doubt, Deng Xiaoping's strategy of "removing the bricks from the bottom up" was a telling blow to the conservatives inside the Central Advisory Commission.

### Central Propaganda Department Materials Deliberately Speak Contrary to Deng Xiaoping

In actual fact, Chen Yun's line has been fermenting for quite a while. Recently, in speeches by personalities in Chen Yun's faction, from Hu Qiaomu to Deng Liqun to Central Propaganda Department Director Wang Renzhi, delivered at some units, they were all based on Chen Yun's concept on the party's ideological building as the center of the party's work. On the other hand, Jiang Zemin and, in particular, Li Ruihuan criticized men in Chen Yun's faction for having forgotten and distorted the center of the party's work. A Central Propaganda Department document concerning "countering peaceful evolution"—propaganda materials relayed to the senior cadre tier—deliberately speaks contrary to Deng Xiaoping, Li Ruihuan, and Jiang Zemin, thus reflecting Chen Yun's thinking, which is different from Deng Xiaoping's.

In the chapter "Brief Analysis on Internal Causes for Possibility of Peaceful Evolution in Socialist Countries," this document entirely evades an essential issue—the people are very dissatisfied with the totalitarian socialist system; consequently, they want to change the system with peaceful means. The document simply stresses the "ideological trends of bourgeois liberalization," while generally explaining the class struggle in present-day Chinese society as "the opposition of bourgeois liberalization to the four cardinal principles," saying "the doubts about and negation of socialism, the concepts and sentiment marked by admiration and worship of Western capitalism.... in addition to the remains of old ruling and exploiting classes, existing and newborn economic criminals, law-breakers and antisocialist elements, all these anticommunist, antisocialist forces will, under certain conditions, develop into the social foundation for peaceful evolution, especially the encouragement of the ideological trend of bourgeois liberalization."

Although the document touches lightly on the issue of people's sense of resistance, it puts the contradiction between the feudal fascist strata and the people in the category of "contradictions among the people," whereas "contradictions in this category can be intensified and become regional, nationality conflicts, and even develop into the opposition of the people against the government the people themselves founded because of the instigation of imperialism and domestic anticommunist, antisocialist forces; the long-term accumulation and development of contradictions; or improper handling of some problems." This statement has at least two errors: Diluting the contradictions between the people and their rulers who suppressed the people with tanks, and the dictatorship of the CPC is distorted as "the government founded by the people themselves."

### Document Charges Those Who Pursue "Bourgeois Liberalization" With Shaping Opposition

The document dares not face squarely and speak frankly of the people's sense of resistance and actions against autocracy, while picturing the broad masses requiring democratic reform as an isolated force, and the reform

movement as the will of an extremely small handful of people. The document says: "The cold facts of internal and external struggles told us that those people who stubbornly cling to bourgeois liberalization started from ideology; organized, rallied, and won over some people with similar political tendencies; and gradually shaped them into forces of 'dissidents groups' or 'political opposition. On its own, this political force acts as the representative of domestic and overseas capitalist class and anticommunist, antisocialist forces, while utilizing all sorts of legitimate and illegitimate means to organize forces, select opportunity, and instigate the masses to wage political struggle aiming to overthrow the communist leadership and seize state power." Obviously, the document painted the reform movement as a struggle waged by an extremely small handful of people through "instigating the masses," based on their personal will and purpose. This is a distortion of the actual facts.

Aside from covering up the truth and distorting the facts, this statement is liable to stamp any political opponents with "pursuing bourgeois liberalization" to achieve the aim of attacking and overthrowing them.

#### **Leadership Tier "Key to Bringing About Peaceful Evolution"**

With the greatest prominence, the document stresses the leadership tier being the "key to bringing about peaceful evolution." The document acknowledges that a phenomenon of being at odds with the leadership is grave inside the party: "In fact, inside our party, there actually are some party organizations which are weak and slack; some of our party members and cadres have failed to stand the tests, are muddleheaded and not steadfast in the positions they take; some have even violated law and discipline; others have stood opposite the party and the people." In reality, a large number of party members have awakened and taken the people's side; they are thus categorized simply because they ran counter to the stubborn conservatives. The document says that this category of party members "have greatly jeopardized the party's prestige among the people, weakened the party-people relationship.... this cannot but rouse the strong resentment of cadres inside and outside the party as well as the masses." Again, that is a distortion of the truth. Then, the document stresses: "Under the dual effects and pressure of the infiltration of Western bourgeois political ideas and bourgeois liberalization at home, with great difficulties, problems or major setbacks and mistakes occurring in socialism itself, rightist thinking is likely to develop inside the Communist Party, and even become an opportunist ideological trend. As soon as such an opportunist ideological trend gains the upper hand at the top echelon of party leadership, they will utilize the power of the government and organization to change the orientation of the party's principles and policies and, consequently, change the nature of the party and state. This is the greatest danger of peaceful evolution. The evolution in the USSR and East Europe has testified to this point."

#### **"Right Opportunists Found Inside Party"**

Mao Zedong had this famous statement: "Right opportunists are found inside the party." Now the successors to Mao Zedong's ultraleftist thinking often harp on this "supreme instruction," and sing the same tune, saying: "Rightist opportunists are found inside the party, and may gain the upper hand at the party's top echelon." As they regard this as the "greatest danger that leads to peaceful evolution," naturally they set the "focus on ideology" in salvaging the party and socialism and opposing peaceful evolution. On the one hand, the document stresses the need "to apply the Marxist weapon of criticism to systematically weed out and make an in-depth analysis of the erroneous ideological viewpoints of bourgeois liberalization, dissecting its theoretical ideological sources, while convincingly revealing its theoretical absurdity and danger and harm in practice." On the other, it stresses the need to "work hard to develop socialist economy, politics, and culture and augment socialist ideological and ethical building, to basically improve the ability in the fight against peaceful evolution."

Reading between the lines, it is not difficult for people to find the shadow of Chen Yun's "theory on another center" and organizational principle.

#### **Chen Yun Personally Comes to Fore To Challenge Deng Xiaoping**

Although the document also talks of development and construction, it fails to explain that this is the center of the party's work and stresses "the traditional socialist pattern (the pattern of Lenin and Stalin)" to the utmost. The document emphasizes: "The socialist economy with Chinese characteristics must adhere to taking the socialist ownership of production materials as the main body"; "we should refrain from pursuing unitary public ownership regardless of the development level of the productive force, and we should not shake the place of the economy of public ownership as the main body; the pursuit of privatization must be banned. It is imperative to implement the distribution system characterized by distribution according to work as the main body, while other distribution forms complement this. It is imperative to establish an economic structure and operational mechanism suitable to the development of the socialist planned commodity economy, characterized by the combination of the planned economy and market regulation." These concepts are Chen Yun's economic thinking.

Of course, the party's ideological, political, and organizational line as reflected in the document are not as explicit and clear as Chen Yun's own speeches not long ago. The fact that Chen Yun has personally come to the fore to challenge Deng Xiaoping shows that the strife between the Chen and Deng schools has entered a new phase. This is an unprecedented intense phase. Of course, it is just the beginning. It can be predicted that with the 14th National Congress approaching, the



struggle between the two schools will turn white-hot with each passing day. The curtain of the decisive battle between Chen Yun and Deng Xiaoping will be raised, or perhaps is rising.

#### Commentator Discourages Formal Activities

GW2701061892 Beijing XINHUA Domestic Service  
in Chinese 0242 GMT 27 Jan 92

[XINHUA commentator article: "Simplify Internal Activities and Concentrate Energies on Work"]

[Text] Beijing, 27 Jan (XINHUA)—A reader in Yancheng, Jiangsu, has pointed out: At present, leading cadres in some localities are being invited to attend too many internal activities, such as meetings, receptions, and ceremonies, which not only prevent them from doing their work solidly, but also foster formalism and other unhealthy tendencies. The reader's suggestion on simplifying internal activities merits attention.

These so-called internal activities are activities opposite to foreign affairs activities involving foreigners. As everyone sees, our foreign affairs activities have been drastically reduced in recent years to save the time and energy of the leaders and the people and to make it possible for foreign guests to know China more realistically. As for internal activities, we should particularly make them simpler and moderate. Unnecessary meetings, banquets, performances, and other recreational activities involving keeping others company have become more and more frequent and pompous, involving more and more people. They not only waste our energy and government money, but also facilitate wrongdoing by seeking private gain at public expense. We should say that they themselves are irregularities.

Since the Third Plenary Session of the 11th CPC Central Committee, the party Central Committee and the State Council have issued repeated instructions on simplifying internal activities for leading cadres at various levels and banning the practice of spending public funds on dinner parties or gifts. We must frequently caution ourselves, resolutely do away with ostentation and formalism, and persistently carry forward the party's fine work style of seeking truth from facts and maintaining close ties with the masses.

The 1990's is a very crucial period in the course of China's socialist construction. We should work under the guidance of the party's basic line of "one central task and two basic points," take further steps to promote economic development and social progress, attain the second-step strategic objective of socialist modernization, and consolidate and develop the socialist system in our country. While the present world situation is changeable, there are many problems in our work at home, requiring us to devote all our energies to solving them seriously. The central work conference and the Eighth Plenary Session of the 13th CPC Central Committee, convened successively last year, made arrangements to further improve large and medium-sized state-owned

enterprises and to strengthen agricultural work. The measures remain to be carried out by us one by one. Our tasks are very arduous.

The CPC Central Committee with Comrade Jiang Zemin as the core recently made repeated calls for changing work style and carrying out our tasks in an earnest manner. During his recent inspection of Jiangsu, Comrade Jiang Zemin stressed the importance of changing the work style of leading organs, of establishing closer ties with the people, of performing more practical services, and of avoiding formalities. He said they were important issues that are in urgent need of being resolved well in the present work of party building. Meanwhile, he urged leading organs at all levels to spare no efforts in cutting down on meetings and routine work for leaders at all levels. In this way, they can save more time and energy to conscientiously carry out the principles and policies of the party and resolve real problems by conducting investigations and studies on various difficulties among the people. Comrade Jiang Zemin also affirmed the practical work style advocated in the province by the Jiangsu Provincial CPC Committee. The opinions expressed by Comrade Jiang Zemin demonstrate the rigid requirements set forth by the CPC Central Committee for carrying out and promoting the party's glorious tradition in a new historical period. They also show what is really on the minds of the broad masses of cadres and people. We must conscientiously cut down on those unnecessary activities. We must study, study, and study. We must revert to reality. We must devote our time and energy to carrying out various tasks. We must fully show our feelings of responsibility and urgency in the socialist modernization drive and exert our best efforts in helping the Chinese nation maintain its own footing among other advanced nations in the world.

#### Dissident's Wife Appeals for 'Due Process'

HK2801050592 Hong Kong AFP in English 0444 GMT  
28 Jan 92

[Text] Beijing, Jan 28 (AFP)—The wife of imprisoned former newspaper editor Wu Yuecan has appealed to Chinese leaders to drop charges against her husband for lack of evidence and to respect his right to due process.

In an open letter to state leaders and newspapers, Yang Sumei said prosecutors did not have enough evidence to convict her husband and accused them of violating legal guarantees for speedy trials.

Wu, a former editor of the PEOPLE'S DAILY [RENMIN RIBAO] OVERSEAS EDITION, was tried on December 28 for "counter-revolutionary propaganda and incitement" for supporting the 1989 democracy movement. The court has yet to announce a verdict.

The state charged him with instigating an unauthorized "special edition" of the official newspaper in support of Zhao Ziyang, the party leader later ousted for being too soft on pro-democracy protestors.



Yang said the case against Wu, 40, had been rejected by the prosecution and handed back twice before to police investigators for lack of evidence, once in March last year and again in May. She said the prosecution still had no proof Wu had organized the special edition.

"I believe that under these circumstances, it is completely irresponsible and against the spirit and word of the Constitution to make arbitrary criminal charges and moreover to jail someone for 25 months," Yang said in the letter, a copy of which was obtained by AFP.

Yang also complained that the Beijing Municipal Intermediate People's Court had exceeded the 1-1/2-month time limit to process and rule on the case after accepting it on December 3.

"I hope the relevant departments and personnel can handle this case with the true spirit and principles of the socialist legal system," she said.

The attempt to draw attention to Wu's case was likely to embarrass the Chinese authorities because of his position as a Communist Party member and an editor of the official party organ.

Yang is herself a senior editor in the political section of the People's Publishing House, the propaganda unit responsible for printing speeches and works by state leaders.

Yang's letter, dated January 20, was sent to party General Secretary Jiang Zemin, Premier Li Peng and other leaders as well as to the editors of the PEOPLE'S DAILY, LEGAL DAILY and DEMOCRACY AND LAW magazine.

Wu, who friends describe as a headstrong idealist, fled Beijing after the June 4, 1989 military crackdown on the Tiananmen Square demonstrations.

He was arrested in December 1989 in the southern island province of Hainan and detained without trial for more than two years at Beijing's infamous Qincheng Prison.

Delays in processing Wu's case apparently reflected its political sensitivity given his status and ties with the PEOPLE'S DAILY and other official propaganda units.

Most intellectuals and workers accused of organizing and supporting the 1989 movement were tried in January and February last year.

Two veteran dissidents and journalists, Wang Juntao and Chen Ziming, were given 13-year prison terms in February for plotting to subvert the government.

Wu's charge carries a maximum sentence of five years.

**Former Culture Minister Wang Meng at Art Festival**  
HK2801113092 Hong Kong AFP in English 1046 GMT  
28 Jan 92

[By Bruce Shu]

[Text] Tianjin, China, Jan 28 (AFP)—Wang Meng, the reformist Chinese culture minister sacked after the 1989 democracy movement, appeared at an international art festival here in an apparent rebuff to his conservative opponents.

Wang looked fit Monday at a buffet luncheon during the festival attended by foreign diplomats and journalists. He declined to give a formal interview, but told AFP: "I'm okay. You can say I'm in good spirits and look good."

The 57-year-old writer attended the art festival with his wife, Cui Ruifang, and other members of the Beijing literary community.

Close friends of Wang said that neither his movements nor his writing had been restricted and that he remained a member of the Communist Party Central Committee with full ministerial privileges.

"Wang Meng's movements are not restricted at all. He is free to write and is working on a new novel," his friend and fellow writer Feng Jikai said here.

Wang's public appearance came two days after ART AND LITERATURE NEWS [WENYI BAO], a newspaper controlled by hardliners, printed a strident full-page diatribe against him. The article was the latest attack by conservatives who took control of the Culture Ministry and forced Wang to resign in September 1989.

The author has launched an unprecedented public defense of his views in the courts and in official newspapers, apparently with the backing of a Politburo faction trying to resist conservative control over culture and ideology.

In October, Wang filed a libel suit against ART AND LITERATURE NEWS for printing a "letter to the editor" that accused him of opposing Deng Xiaoping's reform and opening policies.

The letter criticized Wang's short story, *Hard Porridge* [*Hard Thin Gruel*] the tale of a patriarch who allows younger family members to reform the breakfast table by introducing Western foods. The experiment fails after three days and the family returns to eating their traditional breakfast of porridge and pickles.

Three weeks after the court rejected his suit, Wang published a veiled counterattack in a moderate newspaper, FARMERS DAILY [NONGMIN RIBAO], in the form of a discourse on gruel entitled, "I Love To Eat Thin Porridge."

The lengthy critique in ART AND LITERATURE NEWS said Wang Meng's original short story was in fact a political allegory ridiculing the Chinese communists' 40-year rule.

"Literary and art criticism circles have taken a tolerant attitude hoping the author himself would draw lessons and raise his understanding," the signed commentary said.

"It really pains us to see such a famous writer lacking the spirit of self-criticism and glossing over faults in the face of clear facts and important questions of principle," it added.

The one-day festival here was held to celebrate traditional Chinese New Year's artwork and was attended by Tianjin Mayor Nie Bichu and central government officials.

Tianjin, a port city 140 kilometers (85 miles) southeast of Beijing, is the home turf of Li Ruihuan, 57, known as the most moderate member of the six-man Politburo Standing Committee.

The Tianjin-based NOVEL monthly awarded the national Hundred Flowers Prize to *Hard Porridge* in July 1991 despite his dismissal from office.

Wang, one of China's best-known writers, was a victim of the 1957 Anti-Rightist Movement and the Cultural Revolution (1966-1976).

His early works included the 1956 story, *Newcomer in the Organization Department*, which ridiculed party bureaucrats as slogan-spouting louts who took naps and cooked up rosy statistics.

Condemned as a rightist, Wang was sent into internal exile in the countryside, where he remained until Mao Zedong's death in 1976.

Wang became culture minister in 1986 and presided over a period of relative artistic freedom ended by the crackdown on the 1989 democracy movement and Zhao Ziyang's dismissal as party general secretary.

## Science & Technology

### Qinshan Nuclear Power Station Profiled

#### Part 1

HK0101145692 Beijing RENMIN RIBAO  
OVERSEAS EDITION in Chinese 20 Dec 91 p 3

[Dispatch by staff reporter Zhang Heping (1728 0149 1627): "China's Nuclear Power Begins From Here—Notes on Qinshan Nuclear Power Station Designed and Built by China Through Its Own Efforts (Part One)"; first three paragraphs are RENMIN RIBAO editor's note]

[Text] At 0015 on 15 December, Qinshan Nuclear Power Station, which was designed and built by our country through its own efforts, successfully began production and was connected to the electricity grid. Hence, the Chinese mainland left the era of "having nuclear technology but not having nuclear power" and ushered in a new situation of nuclear power development.

The completion of the construction of Qinshan Nuclear Power Station and its beginning production is a great achievement in China's modernization construction, an outstanding example of transforming high technology into a productive force and a triumph in self-reliance during the new period of reform and opening up.

Shortly before Qinshan Nuclear Power Station's electricity was fed into the electricity grid, our reporter rushed to Qinshan to cover the news and produced a long newsletter, which is divided into two parts and carried by this newspaper today and tomorrow.

Qinshan Nuclear Power Station, which is the focus of attention in the whole country, has been successfully built, and on 15 December its power was connected to the electricity grid.

This is the first nuclear power station designed and built mainly by our country through our own efforts. Its completion ends the era of a lack of nuclear power on the Chinese mainland and enables China to join the world's select few who can independently design and build nuclear power stations at their own discretion.

The completion of the construction of Qinshan Nuclear Power Station is a great achievement of our country in peacefully using nuclear power for the well-being of mankind; it is another important cornerstone of the development of the nuclear industry in our country. Just as the senior founders of our country's nuclear industry who had taken part in developing our country's atomic bomb and hydrogen bomb said, the completion of the construction of Qinshan Nuclear Power Station is as moving as the explosion of our country's first atomic bomb, and it also has the same great and profound meaning.

The completion of the construction of Qinshan Nuclear Power Station has enabled our country to explore the road to developing nuclear power "with itself as the mainstay in Sino-foreign cooperation" and signifies that our country's nuclear power undertaking has moved into a new stage.

Qinshan, the starting point of China's nuclear power undertaking!

"Without Premier Zhou, There Would Be No Nuclear Power Station Today!"

China's nuclear industry started quite early, and in a short period of time it made progress which shocked the whole world. China's first atomic bomb was exploded in 1964 and its first hydrogen bomb in 1967. The founders of China's nuclear industry hacked their way through difficulties, fought courageously, and enabled China to join the ranks of the world's advanced nuclear countries. However, what did not match this was that, for a long time, the Chinese mainland "had nuclear technology but not nuclear power," that is, no nuclear power plants!

Nuclear power has already become an advanced form of energy which the contemporary world has developed in

massive quantities; it has become a most important indication of the peaceful use of nuclear energy and technology. Possessing nuclear weapons, but not nuclear power plants, one cannot be counted as an advanced nuclear country. Several years ago, Ouyang Yu, the chief engineer who had designed China's first reactor for military use, attended a meeting held by the International Atomic Energy Agency representing China and met a "challenge."

During the meeting, the representative of a certain country suggested that the countries with nuclear power plants and the countries without nuclear power plants should be divided when organizing groups, and he said, "To judge whether a country is a big nuclear power, we should not ask whether it has atomic bombs, but should ask whether it has nuclear power plants."

"Of course, China can still be called a big nuclear country, and an exception can be made in its case, because in China's Taiwan there are a few nuclear power plants which were built with the assistance of other people," he added seemingly deliberately.

Ouyang Yu, a Sichuan man with thick eyebrows and a square face, angrily clenched his fist, but he could not stand up.

As a member of the first generation of China's nuclear experts, Ouyang Yu witnessed many explosions of the atomic and hydrogen bombs that he had taken part in making. However, at a time when there were some 400 nuclear power plants standing magnificently on earth, the vast motherland still did not have any. As a nuclear expert, he felt ashamed, as well as feeling a heavier duty entrusted to him by history.

People outside the field might not know that no sooner had our first atomic and hydrogen bombs been exploded than our country put the construction of nuclear power plants on the agenda. Amid this, there was the wisdom and painstaking care of the beloved Premier Zhou Enlai.

In February 1970, when construction of the land-mode reactor for our country's submarine was about to be completed, Premier Zhou gave clear instructions that our country must build nuclear power plants; when the person in charge of Shanghai Municipality reported to him the situation of the shortage of power and coal, Premier Zhou pointed out that from a long-term perspective, the Shanghai area must rely on nuclear power plants to solve its power problem.

On 15 December 1970, Premier Zhou presided over a meeting and listened to the report on the principle and plans for a nuclear power plant; he personally formulated the policy of "safety, suitability, economy, and self-reliance" for nuclear power plant construction.

To the builders of nuclear power plants, what is most unforgettable is that on 31 March 1974, the ailing premier held a central meeting of the committee of experts, and he examined and approved the plans for a

nuclear power plant construction project, deciding that the first nuclear power plant would have a pressurized water reactor and that the electric power would be 300,000 kilowatts. Premier Zhou stressed particularly that we must design and build carefully, adopting strict safety measures. "In any case it cannot contaminate our land and harm the people," Premier Zhou pointed out, "and as far as this project is concerned, the purpose of grasping the technology of nuclear power is more important than generating power," and we must build and train a team through the construction project.

People remember that this was the 16th meeting of the committee of experts, which was established to strengthen leadership over the "two bombs, one satellite" research and experiment work; it was also the last such meeting held and presided over by Premier Zhou. After the meeting, Premier Zhou was hospitalized and never returned to Xihua Hall in Zhongnanhai, where he had worked and stayed for many years.

Obedying Premier Zhou's instruction, a large number of experts and engineers with great merit in the domain of nuclear science devoted themselves to research and design work on an unprecedented scale. From 1974 to 1982, through eight years of scientific experiment and technological exploration, they scored more than 300 scientific research results.

When China's first nuclear power plant generated heat and light and when people congratulated chief architect Ouyang Yu, he held back his tears and said excitedly, "The real chief architect of China's nuclear power plant was Premier Zhou; without Premier Zhou, there would be no nuclear power plant today!"

A great man passed away so soon, but his undertaking has now been accomplished. Today, the builders of Qinshan Nuclear Power Station are glad that they have accomplished the glorious mission entrusted to them by the beloved Premier Zhou, and they have carried out the behest of Premier Zhou. A large number of the builders of the nuclear power plant have grasped the technology and accumulated experience, laying a firm foundation for the takeoff of China's nuclear power in the future.

#### "The Light of Fission"

The explosion of an atomic bomb is fission. Since a nuclear power plant generates great energy produced by nuclear fission, nuclear power is also called the "peaceful light of fission." If you conduct an interview at Qinshan, you will feel strongly the strength of another kind of "fission," and that is the tremendous energy unleashed by hundreds of thousands of builders. Precisely because of this incomparable mighty "light of fission," the construction of China's first nuclear power plant forged ahead with irresistible force as powerful as a thunderbolt. If it had not been interfered with by the Cultural Revolution and rocked by the Three Mile Island accident in the United States, China's nuclear power builders would have been able to unleash their energy



much earlier, and Qinshan Nuclear Power Station would have beamed the "peaceful light of fission" earlier.

The real starting point of China's nuclear power was after the Third Plenary Session of the 11th CPC Central Committee. The CPC Central Committee and the State Council listened to the reports by the persons in charge of the Ministry of Nuclear Industry, the Ministry of Water Resources and Electric Power, and the Ministry of Machine-Building and Electronics Industry on the problem of nuclear power construction in our country and proposed many ideas and principles concerning nuclear power development plans, technological lines, and other issues. After repeated investigations, research, and discussions, in November 1981 the State Council once more approved the construction project for the first nuclear power plant. Thereafter, in November 1982, Qinshan, Haiyan County, Zhejiang Province was approved as the site for the project.

The decision greatly encouraged the nuclear builders. The architects took only one year to finish the preliminary design plan.

Rushed to Qinshan were a great number of nuclear experts and builders from the barren Gobi Desert in the vast northwest, from the deep and dangerous valleys in the vast southwest, and from the nuclear submarine base.

Qinshan, an undeveloped countryside which was barely known to people, has become a focus of attention in China and even the world.

Qinshan Nuclear Power Station faces the sea, with its back against the mountains, and is situated by beautiful Hangzhou Bay, which has Qiantang Jiang to the west and the Pacific Ocean to the east. It is 126 km from Shanghai and 92 km from Hangzhou. Only a 10-km power transmission line had to be built in order to connect it with the east China grid. The building of a nuclear power plant in east China, where there is intensive industry and a shortage of power and coal, is of great significance to improving the power supply situation in Zhejiang, Shanghai, and even the whole of east China.

Shortly before Qinshan Nuclear Power Station began production, this reporter arrived there to cover the news. Compared with the usual noisy atmosphere characterized by explosions and "human laughter and hoarse shouting," Qinshan was strangely quiet at this moment. Standing on a slope north of Qinshan for a bird's-eye view of the power plant, one could see a 1,800-meter sea embankment stretching from southeast to northwest, halting the rolling waves. In front of this reporter, a 60-meter high, milky white, upright dome and cylinder structure—the "nuclear island"—rose from the ground and pointed to the blue sky. On either side of its great and magnificent body were the turbogenerator plant and the modern power plant. The valley and beach, which had remained quiet for thousands of years, have now become a splendid nuclear city.

Zhao Hong, chief commander of the Qinshan Nuclear Power Station project and vice president of the China National Nuclear Industry Corporation, told this reporter that after the project of installing the main body was basically completed in July 1990, the debugging work began. The pressure endurance test for the reactor and the main system of the first return circuit, the impulsion and rolling test for the turbogenerator, the testing of the degree of strength and sealing capability of the safety shell, and the debugging of the loading and unloading machine produced results which indicated that the design is correct, the quality of the main facilities is good, and the quality and functioning of the main system can also meet requirements. Some figures and results are not inferior when compared with the advanced levels in foreign countries.

On 31 July, loading of the reactor began, and the process lasted nine days. Thereafter, a period of two months was spent testing the cool and heated pattern under sub-critical conditions. After approval by the Nuclear Safety Administration, at 1600 on 29 October, Qinshan Nuclear Power Station carried out its first critical experiment. That was the most complicated critical reactor experiment so far in the country. At 1050 on 31 October, the critical point was attained for the first time, thus realizing the reactor's first nuclear fission chain reaction. Thereafter, at low power, the nuclear power plant used nuclear steam to move the turbogenerator. What made us happy was that whenever there was an important test it was successful.

## Part 2

HK0101150592 Beijing RENMIN RIBAO  
OVERSEAS EDITION in Chinese 21 Dec 91 p 3

[Dispatch by staff reporter Zhang Heping (1728 0149 1627): "China's Nuclear Power Begins From Here—Notes on Qinshan Nuclear Power Station Designed and Built by China Through Its Own Efforts (Part Two and Conclusion)"]

[Text] The Power of Great Coordination Is Greater Than the Atomic Bomb

Self-reliance was the firm faith held by the builders of Qinshan Nuclear Power Station. With self-reliance, they overcame many unimaginable difficulties. Wang Yunlai, who received the national "1 May" labor medal, was in charge of the earthworks for the nuclear power station and is in charge of the No. 2 Company of the No. 22 Company [as published] under the China National Nuclear Industry Corporation, told this reporter that when the project started, they met a big technical problem: They had to pour concrete into the 20-meter deep and rugged base of the nuclear island which would contain the reactor. It was an area of more than 10,000 square meters and two meters deep; not a single crack was permitted. Such a degree of difficulty in construction had never existed in the history of architecture and construction in China. Furthermore, the construction

period was only three months. Even in a Western country with advanced technology and equipment, a period of seven months is needed to complete such construction. In order to prevent cracks, they figured out a way to pour concrete continually, each time covering several thousand square meters, and adding more adhesive. However, the site did not have the facilities. Buying from foreign countries would cost several tens of thousands or millions of yuan and would delay the construction period. These difficulties could not daunt the heroic team which had gained merit in building China's first atomic energy base. After repeated tests, they eventually explored new measures, fulfilled their duty four days ahead of schedule and created the technological miracle of pouring crack-proof concrete into a vast area. An examination three years later found not a single crack.

When the project proceeded to the installation stage, they met a "blocking tiger." The welding of the pipe containing the first return circuit of the reactor required that the stainless steel pipe, which had a diameter of 840 mm and a thickness of 70 mm, be welded to the facility with a margin of error of not more than 0.05 mm. We should know that for every weld joint, more than 1,100 welding rods are needed, weighing 75 kg. That was a high-tech welding project, and only several advanced countries in world, such as France, the United States, and Japan, can accomplish it independently. In order to ensure quality, in the beginning they sought consultation with foreign countries. However, one country shouted for \$200,000 consultation fees. Although another country asked for \$80,000, it required the Chinese Government to come forward for talks. The No. 3 Company of the No. 23 Company [as published] under the China National Nuclear Industry Corporation, which was in charge of installing facilities, decided to do it by its own efforts. This was also a team which had gained merit in building China's nuclear industry. Their fate had always been closely connected to every "first" in China's nuclear industry: The atomic bomb, the hydrogen bomb, and the nuclear submarine. They did not decline to shoulder the responsibility for building China's first nuclear power station. They chose the 10 best welders from several hundred outstanding welders and trained them for six months. After carrying out many mock tests, they secured 15,000 items of data, eventually grasped the law of the welding, and overcame the difficulty. The welding of the 16 main pipes containing return circuits was all of outstanding quality.

The hoisting of the dome to the safety shell of the reactor was also a miracle. This huge object has a diameter of 36 meters, is 9 meters high, and weighs 142 tons. It would be very difficult to hoist it precisely to the top of the 60-meter-high safety shell. In foreign countries, such hoisting would be handled by a special 8,000-ton/meter suspension belt hoist, costing over \$20 million. Wang Zhongqin, chief engineer of No. 23 Company, pooled wisdom and efforts with his colleagues and skillfully and decisively used a 200-ton tower crane to successfully accomplish the hoisting. An amazed German expert on

the spot said to the chief commander, "I have been in many countries hoisting the same kind of dome to a safety shell. Your hoisting is the best I have ever seen."

Nuclear power is huge and complicated systems engineering. Nuclear power reflects a country's high technology, industrial level, and comprehensive national strength. Qinshan Nuclear Power Station is the outcome of the leadership of the central authorities, great nationwide coordination, and common efforts in struggle. Jiang Xinxiong, president of the China National Nuclear Industry Corporation, feels deeply about this. He told this reporter that at Qinshan Nuclear Power Station, the reactor, the first return circuit, and the second return circuit alone have more than 30 major auxiliary technological systems and more than 170 coordination systems, involving some 20 professions. The nuclear power station has more than 40,000 installations, and some 300,000 instruments and meters, as well as more than 1,000 km of electric cable. Ninety-five percent of the whole project, facilities, and instruments were made by China; the main facilities, especially the fuel module, were all made in China in terms of materials and technology. These facilities came from more than 600 enterprises in the country. In Shanghai alone, several hundred thousand people took part in testing and making facilities. Those taking part in building Qinshan Nuclear Power Station included seven prospecting and design units, 11 construction units, and more than 100 scientific research units and higher learning institutes. Looking back at the success of the "two bombs" in the past and looking at today's Qinshan Nuclear Power Station, this person who is in charge of the nuclear industry said with deep feeling that the power of great socialist coordination is greater than the power of 1,000 or 10,000 atomic bombs!

#### Safety, the Fate of Nuclear Power

In the minds of the builders of Qinshan Nuclear Power Station was a firm viewpoint: The life of the nuclear power station rests on safety.

Our country began to design and build this nuclear power station after the Three Mile Island incident had occurred in the United States in March 1979; during the course of construction, the nuclear leakage incident occurred at Chernobyl Nuclear Power Station in the Soviet Union. Therefore, we paid more attention to safety.

Zhao Hong, as the chief person in charge of the design and construction of Qinshan Nuclear Power Station, and Ouyang Yu, as the chief person in charge of technology, felt a heavy burden on their shoulders. They told us that whether the nuclear power station is safe depends on the following three points: First, whether the design is perfect; second, whether the manufacture of facilities, installations, and construction is of good quality; and third, whether the operation is correct. In these areas, Qinshan Nuclear Power Station left a footprint whenever it walked a step, and it advanced with a firm pace.



In the area of design, the builders followed this principle: "In-depth defense, comprehensive fortifications, many protective screens, and no risk at all." Qinshan Nuclear Power Station uses a pressurized water reactor, which is the most generally used in the world, has the most mature technology, and is proved by practice to be the safest and most reliable; it has three protective screens preventing the leakage of radioactive materials, can effectively seal radioactive materials inside the facility, and will not allow leakage to harm people nearby. Taking into consideration extreme incidents such as the breaking of the main pipe to the reactor at both ends, power cuts, water supply cuts, earthquakes, lightning strikes, typhoons, tides, fires, aircraft crashes and several dozen similar conditions which might occur simultaneously, the design adopted many countermeasures and protective measures, and it left as big a safety margin as possible. For example, they chose materials which have good sealing capability, can endure great pressure, and have a high safety coefficient. Every defense measure is divided into at least two sets, which are unrelated and which use their own electricity supplies and have their own circuits. When one means is not workable, another means can be used.

In the area of withstanding natural disasters, Qinshan Nuclear Power Station also has a careful design with a high safety coefficient. For example, the breakwater can withstand the biggest tides and waves in 1,000 years. It can block an eight-meter-high tide, while the highest tide in this region in the past was six meters. Although the Zhejiang area is in a low-intensity earthquake belt and the biggest intensity of earthquake in the past 100 years was only six degrees, the quake-proof design of the reactor surpasses eight degrees. The design for draining water from flooded areas also has a high safety coefficient; even if all the rain of the year with record rainfall was to pour at one time on Qinshan, it could be drained in 12 hours.

The command system also embodies the thinking of in-depth defense and independent nature. If by any chance the reactor's main control room cannot be used, the emergency control room can be activated and used. Inside the station, there is an emergency command center. If by any chance the command center inside the station cannot be used, there is another command center in the residential zone outside the station. The detailed, careful, concrete, and workable emergency plans and precautionary measures have been spoken of highly by the experts from the International Atomic Energy Agency.

The quality of facilities is good. As for the crucial facilities, their materials and structures have been tested repeatedly. For example, the main pipe containing the first return circuit has undergone 100 percent ultrasonic flaw detection,  $\gamma$  [preceding letter published in Roman script] flaw detection, and super-pressure testing; fuel component parts have undergone erosion and corrosion tests and have been put into the reactor for radioactive

testing for 25,000 megawatt-days. The results were good, and they were put into the reactor for use.

Civil engineering and installations have all been guaranteed by perfect quality control systems.

In order to let the station operate smoothly, Qinshan Nuclear Power Station made great efforts to train personnel. Most of the controllers graduated from universities in the early 1980's, and have studied reactor physics and electrical engineering. Since 1986, they have carried out training in various forms such as lectures, on-the-job training at the reactor or in coal-fired power stations, and inviting foreign nuclear power operation experts to give lectures. The controllers in the main control room have also been to simulated nuclear power stations at home and abroad for operation training, as well as going to nuclear power stations overseas for training. The one-year debugging work proved that these controllers can meet the requirements of their work.

#### Foreign Experts' Satisfactory Assessment

In April 1988 and January 1991 respectively, the International Atomic Energy Agency sent two groups of experts to Qinshan. The 11 experts in the first assessment group came from eight countries—the United States, Japan, France, Germany, Italy, Canada, Spain, and Romania, and they were called the "joint force of eight countries" at Qinshan. The nuclear experts carried out assessments in eight areas: Project management, nuclear island machinery, conventional island machinery, civil engineering, quality control, debugging, operation preparation, and personnel training. Their conclusion was that "Qinshan Nuclear Power Station has quality, experienced, and capable personnel," and "the construction of the whole nuclear power station is of a high standard and is moving ahead with satisfactory international standards; construction of the station and its operation after completion are not endangered by any safety problem"; and "experts predict that Qinshan will be a safe and quality nuclear power station."

In January 1991, the International Atomic Energy Agency sent another group of American, Japanese, and French experts here to carry out follow-up assessment of the construction quality and safety of Qinshan Nuclear Power Station, and they once again gave an affirmative appraisal.

When Qinshan Nuclear Power Station was about to begin production, I asked the builders of the station what they thought when they first arrived at Qinshan. Zhang Huailin, the deputy manager, said frankly, "We did not have anything in our minds. We just thought about how to let our country have a nuclear power station and how to fill in the blank with a nuclear power station for the well-being of the people!"

The achievement by the builders at Qinshan is encouraging. Let us imagine, in those years, the explorers of China's nuclear industry showed their spirit of self-reliance, of working with a will to make the country



strong, of struggling stubbornly, and of bringing glory to the country in the earth-shaking "two bombs" undertaking, greatly arousing the Chinese people's enthusiasm for building socialism; today, is it not possible that this kind of spirit, which has been inherited and developed by the builders of China's nuclear power at Qinshan Nuclear Power Station, can stimulate the Chinese people to score new and more splendid results as they walk the road of socialism?

#### Plant Designer on Safety Issues

HK2012134391 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0959 GMT 19 Dec 91

[By staff reporter Wei Lin (7279 2651)]

[Text] Beijing, 19 Dec (ZHONGGUO XINWEN SHE)—As the Qinshan Nuclear Power Plant is going into operation, a ZHONGGUO XINWEN SHE reporter interviewed Mr. Ouyang Yu [3016 7122 0056], the plant's chief designer and China's nuclear technology expert, on the plant's safety issues.

[Reporter] As China's first nuclear power plant, are the Qinshan Nuclear Power Plant's security guarantees very reliable?

[Ouyang Yu] The Qinshan Nuclear Power Plant's security standards can be said to be at the world's most advanced level. Its round-the-clock leakage rate is 0.046, or a quarter of that allowed under international standards. This rate ranks it sixth among the more than 40 nuclear power stations operating in France.

Meanwhile, in April 1989, the International Atomic Energy Agency sent 11 experts from eight countries to carry out a comprehensive pre-operation security check of the Qinshan Nuclear Power Plant. After three weeks of inspections of the various fields, like the station's machinery, project management, civil engineering, quality control, modes, operational preparations, and personnel training, the conclusion was this: "no security problem found." Work in phase one of the Qinshan construction project was of a high standard and conducted along the lines of satisfactory international criteria. They expected "Qinshan to be a safe, high quality nuclear power plant."

[Reporter] It was reported that three layers of safety screens were set up in the Qinshan Nuclear Power Plant to prevent leakage of radiation. Can you talk about this?

[Ouyang Yu] Yes. These three screens include reactor charge jacketting, pressure involucrum, and containment. The nuclear power plant "burns" uranium dioxide and the charge cores made of uranium dioxide are placed one by one inside the first screen—a jacketting tube wrapped with zirconium alloy, which seals in radiation produced after uranium dioxide is split. In case the charge jacketting is destroyed, the second screen—a very strong, 200 mm thick, rust-proof steel, pressure involucrum—will come into play. The third screen is the

containment mentioned earlier. It is cone-shaped, prestressed, reinforced concrete with a ball at the top. It is 38 meters [m] in diameter and 60 m in height, and has a 1 m thick wall and an internal steel panel layer 6-mm thick. A complete nuclear air feed set, that is, a single loop system, including principal equipment, like the reactor, main pump, potentiostat, and steam generator, is placed inside this solid, tightly-sealed "fortress." In case of emergency, that is, extreme circumstances, this containment will reliably hold radiation inside and ensure that the effect on the environment will not exceed the permitted level. At the same time, it can absorb the internal pressure and high temperature caused by extreme circumstances, withstand natural disasters like earthquakes and tornados, as well as resist blows by foreign flying objects, like blows caused by jet planes.

It should be noted that during the March 1979 reactor charge meltdown at the United States' Three Mile Island Nuclear Power Plant, the containment blocked the external spread of radiation and prevented any harm or injury to the neighboring environment and residents. On the other hand, because of the absence of a containment in the Soviet Union's Chernobyl Nuclear Power Plant, massive radiation leakage followed the reactor charge meltdown.

[Reporter] Can it be said that with its containment, the nuclear power plant is absolutely safe?

[Ouyang Yu] Indeed, the containment plays a very important role, but one such screen is not enough. We say the Qinshan Nuclear Power Plant is safe because it boasts another series of extensive preventive measures, including quality control, emergency automatic shut-down, power back up, containment isolation and guarantee, emergency charge cooling, and protracted cooling systems. These measures were designed for those least likely and hypothetically most serious cases. For example, the most serious hypothetical accident is a massive crack of the single loop tube, which could cause the reactor to lose water and burn up. Massive amounts of radiation would then be released into the containment. When this happens, the specially designed reactor safety system would automatically shut down and inject water to cool the reactor quickly and prevent radiation leakage.

Furthermore, emergency command centers are set up in both the working and living areas of the Qinshan Nuclear Power Plant. In case of accidents, the persons in charge for each level would be in their respective places where they would make internal and external contacts and direct the entire situation by using the modern monitoring and communication systems.

[Reporter] Finally, I should also like to know about the disposal of the "three wastes" [waste gas, waste liquid, and refuse] from the Qinshan Nuclear Power Plant as well as the effect of the plant on the nearby environment?

[Ouyang Yu] The Qinshan Nuclear Power Plant's "three wastes" disposal system is generally the same as in other

countries. In other words, the basic demands in disposing the "three wastes" are: reduce production, limit proliferation, resort to recycling as much as possible, and cut down on discharge. The power plant has built a purification system, a dosage monitoring system, and a shield protection system for the waste gas, waste liquid, and refuses in order to control and ensure the power plant's normal operation. In case of accident, the level of radioactivity emitted to the external world is even lower than that stipulated by U.S. federal laws and by China's "Regulation on Protection Against Radiation." According to calculations, after the Qinshan Nuclear Power Plant's waste liquid is discharged and diluted by vadose water and seawater, its effect on the environment is minimal and far lower than the controlled level. When the waste liquid is diluted by vadose water and released into the ocean, the highest radiation level discharged at the floss hole is only one-fiftieth of the controlled concentration level of open or sea water. At the same time, the highest physical dosage caused by the waste vapor to each person living within a radius of 500 m of the plant is only 0.37 milli (ximu) [1585 1191]. In short, the actual radioactive effect from the Qinshan Nuclear Power Plant is very small. Even with the waste liquid and waste vapor added together, the effect on the residents each year will not exceed 0.4 milli. This is equivalent to roughly 0.4 of the natural background radiation that people receive everyday.

Furthermore, the impact of radioactivity to the environment caused by eight major accidents and extreme circumstances was assessed and the results found to be far lower than the safety standards dictated both at home and overseas. Therefore, the safety of the Qinshan Nuclear Power Plant is completely guaranteed.

### Economic & Agricultural

**MOFERT Rescinds Import License Requirements**  
*HK2801013092 Beijing CHINA DAILY in English*  
28 Jan 92 p 1

[By Wang Yong: "Barrier To Be Lowered on 16 Import Items"]

[Text] As China steps up efforts to restore its GATT membership (General Agreement on Tariffs and Trade), a leading trade official yesterday announced the country's plan to lower import barriers by rescinding the licence requirement on 16 imported items.

"And we'll remove the bulk of the licences imposed on the current 53 imported products within the next two or three years," said Liu Xiangdong, spokesman for the Ministry of Foreign Economic Relations and Trade (MOFERT), at a press conference held in Beijing yesterday.

He delivered the speech at a time when China expects to reap substantial fruits from the 10th session of GATT's working party on China, scheduled to start in Geneva on February 13.

"We aim to get onto the international track of business norms with flat-out efforts," he said, expressing confidence in a renewed GATT membership for China soon.

Another move highlighting China's efforts in this direction is that all the regulatory taxes on certain imported commodities will be abolished "in the near future," he added.

Domestic enterprises are to be exempt from bureaucratic stamps when it comes to using their own funds to import what they need for technical renovation, in the light of the country's policies that give priority to industry.

Liu promised that the central government will stay away from administrative interference in foreign trade, while giving greater emphasis to exchange rates, interest rates, tariff rates and policies favouring certain industries as a means to regulate foreign trade.

China will also improve its protection of foreign intellectual property, he pointed out.

However, he disputed the accusations that certain Chinese overseas enterprises have been backed by the government in "illegal" activities in the United States, saying that the operating licences of all unqualified foreign trade companies have been revoked.

But the contracts they signed will be handled appropriately, mainly through other qualified companies, he said.

The foreign trade ministry will further tighten the noose on the "unnecessary" or "illicit" companies this year to prevent them from tarnishing the country's image, he added.

**Zou Jiahua Article on State Enterprise Management**  
*HK1301121692 Beijing QIUSHI in Chinese No 24*  
16 Dec 91 pp 2-7

[Article by Zou Jiahua (6760 1367 5478): "Strengthen and Improve Macroeconomic Management, Invigorate Large and Medium-Sized State Enterprises"]

[Text] As a result of conscientiously implementing the Central Committee's policy of conducting economic improvement and rectification and deepening the reforms during the past three years, we have effectively brought inflation under control and brought about a general economic recovery. The economic situation is developing in a favorable direction. The striking problem at present is: Since a considerable number of large and medium-sized state enterprises are performing poorly, the state financial departments are in great difficulties. As lack of vitality and poor economic performance on the part of state enterprises are the culmination of a variety of factors, the problem must be tackled in a comprehensive way. Last September, the Central Committee held a working conference and adopted 12 important measures in this connection. Among these measures, the one on strengthening and improving macroeconomic management and creating

the necessary conditions for revamping large and medium-sized enterprises is of crucial importance.

#### **Rational Arrangement of Scale, Structure of Investment in Fixed Assets**

Whether or not the scale and structure of investment are arranged in a rational manner is an important factor that decides the state of total supply and demand and of the macroeconomy as a whole. An excessive scale of investment will fuel total demand and lead to inflation; while too small a scale will result in idle capacity and the overstocking of capital goods and products. The lack of correspondence between the scale of investment and the supply of funds means that some construction projects are short of funds, and this is bound to delay the repayment of loans. If the structure of investment is irrational, there will be overlapping of construction and imports, and individual trades will have excessive capacity and serious overstocking as a result. Thus, we must make proper plans and arrangements for investment in fixed assets, particularly for the scale and structure of investment. This will be instrumental to the maintenance of a good macroeconomic environment, the invigoration of large and medium-sized state enterprises, and the improvement of their performance.

In recent years, the overall scale of investment has corresponded more or less to the actual situation. This has precipitated an obvious drop in the rate of inflation and helped bring about a gradual economic recovery. The problem is: 1) The scale of investment does not quite correspond to the supply of funds. In many projects, whether projects of capital construction or technical upgrading, people have not taken exchange rate variations, loan interests, the price factor, basic circulating funds, and so on, into consideration in their estimates. These gaps in the supply of funds constitute one of the causes of the debt chain. 2) Because of the irrational price system, excessive decentralization in the power to approve funds and projects, and a number of other factors, the structure of investment has not been effectively readjusted. As a result, the state has a shortage of funds for key projects that are in urgent demand, while long-term processing projects, projects of a low technological standard, projects having an irrational economic scale, particularly processing projects with a big profit margin, are still being launched in large numbers. Irrational investment structure, the building of "big and complete" and "small but complete" projects, and overlapping of construction and imports remain major problems in our economic construction. These problems have not only resulted in a drain on precious resources and a decline in macroeconomic performance, but have created a situation where enterprises cannot operate normally because they are deprived of raw materials and market from the start. 3) Return on investment is poor for a variety of reasons. For instance, too many projects have been launched; the scale of investment has been overextended; many projects are taking too long to complete and start production; actual investment far

exceeds the original estimates in many cases; unjustified financial levies and service charges have been imposed.

In order to invigorate large and medium-sized enterprises, we must, bearing the abovementioned problems in mind, take further steps to properly plan investment in fixed assets and create favorable conditions for their production and operation.

First, we must rationally determine the overall scale of investment and ensure correspondence between the scale of investment and the supply of funds. By rational, we mean total investment in fixed assets must correspond to our national strength. With concrete guarantees in terms of materials and funds, we can then ensure the smooth progress of expanded reproduction without triggering a new round of inflation. The overall scale of investment cannot be too large. If the scale is excessive, we will not be able to guarantee the supply of materials and funds. This will not only render it impossible for investment plans to be fulfilled, causing delays in work, but may lead to inflation and other problems. The overall scale of investment should not be too small. If the scale is too small, we will not have the necessary strength to sustain production, and a part of the productive capacity will be left idle, which is also not conducive to economic development. Seen from actual practice since the "Sixth Five-Year Plan" and "Seventh Five-Year Plan," the proportion of total investment in fixed assets in the gross national product often reached 28-30 percent in times of economic overheating and inflation, and roughly stood at 25-28 percent in normal years. In future, we should keep the scale and rate of investment within limits which had been proved rational. After a rational overall scale of investment has been fixed, what counts is whether or not the necessary funds can be raised to attain this scale, and whether or not the corresponding investment activities are in conformity with the state's production policies. As things now stand, the prominent problem is that not all needs for funds can be met. In particular, units owned by the whole people are facing a shortage of funds for capital construction and technical upgrading. To tackle this problem, we should take the following two-pronged approach. On the one hand, we should strive to raise more funds. Financial departments and banks should increase funding for key projects as much as possible. Through such means as issuing state investment bonds, the state acquiring partial shares in enterprises, joint investment, discounts granted for policy considerations and the trial implementation of the shareholding system, funds in society, particularly income in the hands of residents, can be turned into construction funds. We should also pay attention to the absorption of foreign funds. On the other hand, we should adhere to the principle of working within our capability, adjusting our projects according to the amount of funds available and arranging projects according to the amount of funds raised, in order to achieve a better return on investment. Our plans should leave no gaps in the supply of funds. All construction projects should take different outlays, exchange rate variations, interest payments, basic circulating funds and other factors into consideration in their



estimates. Investment should be fully provided for to avoid new defaults on construction projects. In particular, the practice of deliberately scaling down investment in order to secure approval should be prohibited. We must uphold the principle of first securing the funds before commencing with construction, strengthen supervision and monitoring over estimates, and guard against the tendency to go beyond the estimated amounts. On this question, we must draw on past lessons, try our best to prevent overinvestment and economic overheating, and avoid creating further overlapping of construction and imports.

In the utilization of investment in fixed assets, selected industries should be given preferential treatment according to the state's production policy. We must persist in stepping up the construction of projects relating to agriculture, water conservancy, energy, communications, telecommunications, and major raw materials, strengthen national defense construction, and support the development of high and new technologies and import substitutes. Regarding the processing industries, we should, in principle, refrain from putting up new establishments and should mainly concentrate on technical upgrading instead. The construction of office buildings, auditoriums, hotels and nonproductive projects should continue to be placed under control. The state's production policy should also be adhered to in technical upgrading. Funds should be spent on truly raising the technological level, improving the quality and variety of products, and minimizing the consumption of energy and raw and semifinished materials. In order to better implement the state's production policy and keep overlapping of construction under control, we must, in addition to making greater use of economic means such as credit and investment orientation tax, gradually replace the current practice of dividing the power to approve investment projects simply according to productive capacity and investment amounts, abandon the previous practice of working out the "base figure" and "the mean," and redefine the power to approve capital construction and technical upgrading projects according to the state's production policy as well as the geographical distribution and economic scale of different industries. Where productive projects that should be supported and encouraged according to the state's production policy are concerned, the power of local authorities and departments to approve these projects should be appropriately increased. For those projects that have excessive demands in terms of economic scale, projects that are prone to overlapping and blind development, as well as projects producing oversupplied products that should have been placed under control, relatively centralized management is required.

We must exercise strict control over new projects and projects outside the state plan. Some time ago, because control over construction projects and investment was relaxed, many localities and departments seized the opportunity to launch additional new projects and projects outside the state plan. This resulted in massive

overlapping of construction and imports. In the future distribution of investment capital, we must first guarantee the needs of projects under construction before making arrangements for new projects. Even regarding projects under construction, we must monitor their work and reassess their priority. Those that are not in conformity with the state's production policy and do not have the necessary construction and production conditions should be deferred or suspended where appropriate. All new projects must meet the starting-up conditions and go through the necessary approval formalities, and must observe the investment criteria laid down in the state plan. In particular, the system of requiring investment permits for new projects must be strictly observed. Units at all levels that are empowered to approve investment projects must strictly exercise their power according to relevant state regulations and policies.

We must examine and reclassify the channels for raising one's own funds, lay down the specifications for the sources of these funds, and strengthen management over their utilization. It has been reckoned that funds raised by the local authorities, departments, and enterprises through bond issuance, setting up of funds, funding in the form of products, formation of horizontal ties and other means account for about 30 percent of their own capital. With the exception of bonds, which are gradually being incorporated into the normal channel of management, the source and utilization of most other funds are rather disoriented and need to be sorted out and consolidated. For projects involving a large scale of privately raised investment and a variety of fund raising channels, planning departments at various levels must conscientiously conduct examination and grant approval one by one in accordance with relevant state regulations governing the source of privately raised funds. The local authorities must not insist that banks extend loans to construction projects outside the "cage" of the state plan, least of all projects that do not conform with the state's production policy or projects with excessive productive capacity that produce oversupplied products.

#### **Concentrate on Doing Good Job of Structural Readjustment and Improving Economic Performance, Promote Healthy Development of Industrial Production**

For a long time, a striking problem facing China's industrial development has been the irrationality of the production structure, product mix, and organizational structure of enterprises. This is a major cause of overstocking, debt chains, and shortage of circulating funds. Readjustment has not been carried out in processing industries with excessive productive capacity and old and unmarketable products. Many trades are still troubled by overstocking in spite of their low rate of utilization of productive capacity and have yet to develop a normal cycle of production, circulation, and consumption. Unless such a state of affairs is ended, it will not be easy to invigorate and improve the performance of large and medium-sized enterprises, and the national economy as a whole will have difficulty ensuring its sustained and stable development. In trying to invigorate

our large and medium-sized enterprises, we must work hard on structural readjustment and the improvement of economic performance to promote the normal operation of the economy.

We must appropriately arrange the growth rate of industrial production. Under existing conditions in China, it is impossible to meet the requirements arising from mounting investment and consumption demands without increasing the rate of industrial growth. If the productive capacity of enterprises, particularly large and medium-sized enterprises, is not properly brought into play, efforts to improve their economic performance will be affected, and the state will be in deeper financial troubles. However, when the growth rate of industrial production is increased and supply exceeds investment and consumption needs, the likelihood of overstocking will also increase. This may create tension in the economic environment and hinder structural readjustment and the improvement of economic performance. Thus, it is necessary to maintain a moderate rate of industrial growth. A moderate rate of growth means growth based on a readjusted structure and improved economic performance; it is solid and unadulterated growth based on an accelerated turnover of funds rather than increased accumulation of funds.

The need to maintain a moderate rate of industrial growth and concentrate on doing a good job of structural readjustment and improving economic performance is a formidable task. To accomplish this task, we need to adopt the following policies and measures:

First, we must further unify thinking and raise the level of our understanding. All departments, localities, and quarters must truly abandon the idea of one-sidedly going after output and output value and blindly vying with one another to accelerate the rate of growth in output value. They must truly shift their main energy to structural readjustment and the improvement of performance, conscientiously implement the principle of basing production on sales prospects, put forward feasible plans and measures, and seriously organize their implementation. Starting next year, efforts to minimize overstocking and the appropriation of state funds, expedite the turnover of funds, make structural improvements, and improve product quality and performance should be taken as the principal criteria in judging their work and performance. At present, some localities and cities have already established a new set of indices for economic evaluation and assessment. Output value is only taken as a statistical index, not a factor to be considered in making evaluations and assessments. The practice of taking sales revenue, net output value, the rate of profit and tax on funds, composite energy consumption rate, turnover rate of funds, and all-personnel labor productivity as principal assessment indices has produced good results. We must do a really good job studying, summing up, publicizing, and promoting their experience and practice.

Second, we must deal with each case on its own merits, suppressing some and protecting some. As a further step to implement the circular of the State Council on strictly controlling the production of oversupplied products, we must strictly control the production of these goods through arrangements in terms of planning, production conditions, supply of funds and economic policies. At the same time, we must make positive efforts to open up markets and promote sales. Working along these two lines, we should strive to reduce the overstocking of manufactured goods within a specified time. Toward the production of industrial consumer goods, such as the basic products of the energy, communications, and important raw material industries, which are selling very well, we should continue to adopt a policy of support and encouragement in order to ensure their stable growth. Toward important goods and materials with a vital bearing on the national economy and the people's livelihood, the state should organize the procurement of the overstocked portion to increase the strategic reserve or for export in order not to let productive capacity stand idle. We should guide and support enterprises in striving to develop new products, including industrial consumer goods and sophisticated capital goods needed on domestic and international markets and catered to end-users from different walks of life. Practical experience shows that large and medium-sized enterprises which have made continuous efforts to develop new products are all performing well and are showing greater initiative in work. They also pay much attention to the commercialization of scientific and technological achievements with proven results. We must lose no time studying and revising the state's production policy and, in line with the regional distribution policy, make readjustments in the scope of products to be restricted or supported as well as in relating policies and measures. We must better bring into play the role of economic means and the competition mechanism in promoting the superior and eliminating the inferior. The policies and measures taken by departments controlling economic levers like credit, finance, taxation, pricing, and exchange rate must be in keeping with the state's plan to make structural readjustment and its aim of improving efficiency. They must be well-coordinated in order to achieve unity of action. All enterprises must, when working out their production plans, conscientiously study and familiarize themselves with market needs, both current and latent. They must also study the relationship between supply and demand, and fix production plans based on sales prospects, and must not blindly produce goods that are unmarketable.

Third, we must mainly make use of economic means and necessary administrative means to readjust the organizational structure of enterprises. Enterprises that have long been producing unsalable and inferior products, poorly managed, and sustaining heavy losses, with no hope of recovering at all, should be consolidated within a specified time. Some really backward enterprises should be ordered to close down or suspend operation. Toward those trades that are faced with an acute shortage of orders and are noted for their overlapping of



construction and imports, efforts should be made to accelerate their readjustment and reorganization. Toward enterprises that are performing poorly because of lax internal management, we must specially organize forces and adopt measures specifically tailored to their needs to help them improve themselves. In the light of specific conditions, efforts should be made to encourage and support enterprises in their endeavor to switch to other lines of production, embark on joint operations and form mergers. Only by carrying out reorganization and readjustment and ordering a number of enterprises that cannot be consolidated to close down, suspend operation, merge with other enterprises or switch to other lines of production will we be able to transfer funds and materials to enterprises with a good performance, which are producing marketable products of good quality with a low level of material consumption, so they can go full steam ahead. Practice over the past two years shows that those places that have done this have shown greater initiative in work and achieved better results.

Fourth, all enterprises must further strengthen the efforts to market their products. While continuously striving to improve the quality of their products and developing new varieties, they must resort to a variety of forms and channels to open up domestic and international markets. In particular, they must attach importance to sales in the vast rural market. There is still considerable potential and much room for development in this connection. We must make further efforts to develop and perfect the market for consumer and capital goods, put an end to the phenomenon of regional blockade and market barriers, and consolidate the market and circulation channels. We must coordinate the relations between industry and commerce and between industry and trade, and enlarge the flow of domestic and foreign trade. State-cooperative commerce and enterprises handling goods and materials must make positive efforts to give full scope to their role as the main channel and "reservoir," fix a reasonable inventory quota, and procure commodities and materials in accordance with state plans. The departments concerned must give the necessary assistance to meet their needs for circulating funds. In the commercial sector, we must deepen the reform of the systems of operation, pricing, distribution and employment in the retail trades, strengthen sales and promotion jointly conducted by industrial and commercial units, and rationally clear the merchandise inventory. We must also make further efforts to forge closer links between industry and foreign trade, and widen the scope and channels of export. In particular, we must provide more opportunities and better conditions for industrial enterprises to familiarize themselves with the international market and make direct contact with foreign merchants.

#### **Deepen Reforms, Further Improve Planned Management and Pricing System**

In the long term, the invigoration of large and medium enterprises as well as the readjustment of the industrial structure and the improvement of economic performance all require our efforts to deepen the reforms and

further improve planned management. At present, we need to grasp well the following reform measures:

We must suitably narrow the scope of mandatory planning in industrial production and improve on the implementation of mandatory plans. We must stress the need to reduce the mandatory production tasks of large and medium-sized enterprises which are heavily burdened with unified distribution tasks in order to put an end to the present situation where like production enterprises are not given the same amount of mandatory production tasks. Regarding some products that are subject to mandatory planning, we should enlarge the scope of fixed supply at set locations. Some measure of flexibility may be introduced in the pricing of these products, that is, either state guided price or market price may be adopted. Direct contact between production enterprises and end-users should be encouraged to reduce intermediate links. After careful study, a number of products subject to mandatory planning should be selected for the trial implementation of a practice which gives the priority to state orders for goods. We should suitably reduce the scope of mandatory planning while exercising strict management over mandatory planning. In order to avoid the possibility of production becoming divorced from marketing after the scope of mandatory planning has been narrowed, appropriate policies and measures should also be adopted.

We must improve the method of managing guidance plans. First, the practice of taking guidance plans as mandatory plans in disguise must be put to an end. Where products subject to guidance planning are concerned, enterprises should have the power to organize production, purchase and marketing activities in a flexible way according to the requirements of state plans, changes in market demand and their own conditions. In principle, these products should be sold at state guidance price or market price. Second, earnest efforts must be made to closely combine the application of economic levers with tasks covered by guidance plans. Enterprises undertaking tasks covered by guidance plans should be given the necessary support in terms of credit, taxation, material supply, investment and transport facilities, and such support should be specified in relevant plans. Third, the form of realization of guidance plans must be perfected. A variety of methods, such as coordination between industry and trade, purchase according to contract and suiting production to demand, should be adopted to fulfill tasks covered by guidance plans. Fourth, planning departments and relevant departments must promptly release economic information, particularly information about market needs, to guide enterprises in making decisions on matters of production and operation. We must continue to implement the measure of "double guarantee" in relation to large and medium-sized enterprises with a vital bearing on the national economy and the people's livelihood. This will help large and medium-sized enterprises overcome difficulties in production and operation and increase their viability in spite of the irrational organizational structure of enterprises and the relative shortage of energy, raw and



semifinished materials, transport facilities and funds, and is also conducive to the optimum distribution of resources. In the days to come, we must perfect the method of "double guarantee," promote what is beneficial and abolish what is harmful. As the economic environment improves, efforts must be made to gradually reduce the number of "double-guaranteed" enterprises.

We must continue to do a good job of organizing and developing enterprise groups, and select a number of large combines or enterprise groups for independent listing on state plans. Enterprise groups with a vital bearing on the national economy and the people's livelihood may be given independent listing on state plans and managed by the relevant leading departments of their trades at the central level. Experimental enterprise groups serving regional needs may also be given independent listing on provincial plans. Concerning experimental enterprise groups as well as large enterprises or enterprise groups independently listed on state plans, steps should be taken to further enlarge their decision-making power in production and operational matters and their power to directly engage in foreign trade negotiations. Enterprise groups must be organized according to the principle of voluntary participation, and must be conducive to the development of the productive forces, the improvement of efficiency, and the rational organization of resources and technical forces. They should not be formed by administrative means and should not increase the number of administrative levels.

At the same time, we must actively and steadily promote price reform and promote the replacement of the enterprise mechanism. In the last couple of years, we have seized the opportunity of having effectively brought inflation under control to introduce a number of price readjustment measures. The pace of price reform has been quickened, and the structural problem of pricing has been ameliorated somewhat. Practice shows that the timely and appropriate readjustment of prices will provide a suitable environment for further reforms, opening and economic development, for the combination of the planned economy and market forces, and for bringing into play the positive role of market regulation. At present, the price system is still in a state of chaos, and distortions of price relations are serious. The striking problem is that the prices of basic products like grain, coal, and crude oil are low. This has resulted in an irrational primary distribution of the national income. Some basic industries and enterprises are sustaining heavy losses, and many large and medium-sized enterprises are unable to assume responsibility for their own profit and loss or finance their own expansion. Enterprises cannot compete on an equal footing. This also encourages some processing industries to waste resources on unwarranted projects. This is an important reason why we have not been making much progress in structural readjustment. Thus, we must continue to actively and steadily promote the price reform, put an

end to price distortions and gradually form a rational pricing system and price management system. This is the key link in organically combining the planned economy with market forces, an important condition for replacing the mechanism of enterprise operation and invigorating large and medium-sized enterprises, and an important measure for straightening out basic economic relations, improving the economic performance of enterprises, and promoting the sustained, steady, and coordinated development of the national economy.

In order to promote price reform, we must uphold the basic policy of stabilizing prices while promoting the economy, and properly combine reform with stability and development. When prices are unstable, there will be great fluctuations in economic life. This will affect the healthy development of the society and the economy, and will make it difficult to carry the reform and open policy to greater depth. At the same time, unless efforts are made to gradually straighten out the distorted pricing system, the state will not be able to cast off the heavy burden of financial subsidies, the longstanding backwardness of the basic industries will remain unchanged, and it will not be possible to establish a rational mechanism for large and medium-sized enterprises. This will also affect the benign cycle and vitalization of the economy as a whole. We must consciously make use of the pricing lever to regulate the development of the economy. Practice in recent years shows that changes in the prices of primary products would affect the cost of manufactured products which are in great abundance and which serve a wide spectrum of end-users. This question must be handled with great care. However, since the downward bias of primary products has remained unchanged all these years, the state has to increase its subsidies to cover the deficits. The fact that the manufacturing industries are lacking vitality, even shrinking, will have an adverse effect on the national economy. Thus, we must change this distorted state of affairs in a planned, guided and systematic way. After an upward readjustment in the prices of primary products, it is necessary for the manufactured products to assimilate part of the resultant increase in cost but must not increase their prices proportionally. Otherwise, it will not be possible to put an end to the irrational price relations. When readjusting the prices of primary products, we must also strengthen management over the intermediate links and prevent the intermediate links from benefiting too much from the price readjustment.

At present, there are many favorable conditions for conducting price reform, but, at the same time, there are also some unfavorable factors. In order to ensure the smooth progress of price reform, we need to adopt a number of supporting measures. For instance, we must strictly control the mounting demands for investment and consumption, and strive to maintain a basic balance between total supply and total demand. We must strengthen the technical upgrading and management of enterprises, and strive to raise the tolerance of enterprises for price readjustments. We must pay attention to

the combination of price readjustment with control and relaxation of control. While adopting measures to readjust the prices of some products, we should examine the prices of products which were freed years ago but were again placed under control in one form or another during the period of economic improvement and rectification, and relax control or improve the management method on the merits of each case as far as possible. In an effort to encourage market competition, we should further relax control over products which are oversupplied or with near balance of supply and demand. We should also effectively strengthen price management in markets and strive to improve market norm and order.

#### **Reform the Income Distribution System, Strengthen Macroeconomic Regulation and Control Over Total Wages**

At present, striking problems in the distribution of income are: The phenomenon where enterprises are "eating from the same big pot" of the state and employees are "eating from the same big pot" of enterprises is still widely in evidence. The principle of distribution according to work has not been implemented in great depth. Egalitarianism and inequality resulting from great disparity in income distribution exist side by side. The relationship between wages and bonuses is not rational—bonuses are issued in a multitude of names, and workers "want to be paid for going to work, and demand bonuses for getting work done." Nonwage incomes are obtainable through a variety of channels and are multiplying—in some units, nonwage incomes amount to 40-50 percent of personal income. All these have resulted in the formation of an inflationary mechanism, with people blindly vying with one another and thinking that in the distribution of income, amounts can only go up, never down. Since 1985, the state has been implementing a system whereby "wages are tied to performance" and enterprises are allowed to make their own decisions regarding distribution. This has played a positive role in eliminating the two practices of "everybody eating from the same big pot" and arousing the enthusiasm of enterprises and employees for production. However, since the measure of "tying wages to performance" still leaves much to be desired and distribution is in fact tied to profits in an over-simplistic way, coupled with the fact that enterprises have not yet built up their mechanism of self-constraint and reform measures are not well coordinated, many enterprises are free to readjust their basic and floating wages at random. They tie wages to performance only when it is improving and only assume responsibility for profits. Wage increase exceeds the rate of growth in performance. This, together with the issuance of nonwage incomes and payment in kind, means that increases in employee income far outstrip improvement in performance. The fact that the primary distribution of national income is heavily tilted toward individuals means that personal income is eating into profits, adding to production costs, and seriously undermining the ability of enterprises to accumulate and develop. Meanwhile, problems of disparity in income and unfair distribution are also aggravating in society.

Thus, in order to change the mechanism of enterprise operation and invigorate large and medium-sized enterprises, we must carry out profound reform of the labor and distribution system in enterprises as well as corresponding reforms of the macroeconomic regulation and control system and the internal structure of enterprises, further straighten out relations of income distribution, improve the system of wage management, and gradually establish sound and healthy mechanisms of motivation and self-constraint in enterprises.

First, we must strengthen macroeconomic control over total wages. The state's plan and policy regarding wages must be strictly implemented, and the practice of each going one's own way and indiscriminately setting new precedents on the question of wage plans and distribution policy must be strictly forbidden. The state must exercise dual control over the total wages of enterprises in different localities and departments by way of planned management and "tying wages to performance." In other words, when an enterprise is calculating wages tied to performance, it must take as its bases the base figures fixed by the state for wages and economic performance, the floating range and improvement in performance in the current year. The issuance of total wages must be strictly kept within the limits of the plan handed down by the state. The issuance of wages over and above the plan for total wages handed down must be approved in accordance with formalities for the planned management of wages. We must also strengthen the role of taxation as a means for the regulation and control of wages and bonuses, improve the method for the management of wage funds, and effectively strengthen bank supervision over the execution of wage plans. In order to coordinate the standards of wage income between different trades, we must lose no time studying the differential wage standards for employees of different trades.

Second, we must practice a system of level-to-level administration and improve the practice of "tying wages to performance" in enterprises. The local and departmental authorities must, within the bounds of the base figures fixed by the state and the floating range, implement this practice level by level in enterprises in the light of the actual situation. The method of pegging to a compound set of indices should be practiced. In other words, we should take into consideration indices like profit and tax, labor productivity, quality, material consumption, turnover of funds, and technical progress, and compare the economic performance of enterprises within the same trade. The system of final accounting which "ties wages to performance" must be strictly implemented, that is, wages should be tied to performance not only when it is improving but also when it is declining and assuming responsibility for profits as well as for losses.

Third, we must strengthen and improve the financial system of enterprises and strengthen supervision and management over the proportion of profits retained by enterprises for production development funds, bonus



funds and welfare funds. The practice of spending production and development funds on bonuses and welfare should be strictly prohibited. We must also conscientiously sort out and consolidate wage-related expenditure like bonuses and subsidies as well as other nonwage incomes.

Fourth, we must improve the system of distribution within enterprises. Within the framework of state plans and policies, enterprises should have the power to determine the form and method of internal distribution. However, we must stress the need to conscientiously implement the principle of distribution according to work; practice more pay for more work and less pay for less work; rationally widen the gap between the wages of individual employees; appropriately give preferential treatment to those working on the first line of production and at posts involving hardship, filth, fatigue, and danger; reward the hardworking and punish the lazy; and overcome egalitarianism in order to fully arouse the initiative and creativity of employees. A small number of enterprises with the necessary conditions should be selected for the trial-application of post- and skill-related wage systems after approval has been granted.

Fifth, we must improve the statistical and planning methods in the management of wages and income. At present, wages are distributed in a variety of ways, and personal incomes are obtainable in multiple forms and through multiple channels, but the statistical and planning methods currently used cannot reflect this new situation. The fact that statistics and plans do not cover everything, that some comparisons are not made along the same line and that figures and facts do not tally makes it difficult to have a precise and accurate grasp of the real situation regarding wage and income. This is not conducive to scientific decisionmaking and effective management. Thus, we must work on statistical methods and a system of indices that can more fully reflect the total wages and the incomes of individual employees, and make corresponding improvements in planned management.

#### Article Views Course of Rural Economic Reform

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["Talk on Economic Life" column by staff reporter Wu Changsheng (0702 7022 3932): "Advancing With Broad Strides Along the Highway"]

[Text] Viewing things in a simple way, stability and change are absolute opposites; however, in the complexity of real life, they are more often than not extraordinarily unified. Such unity has been especially conspicuous in rural reform and development over the past 10 years. No one, Chinese or foreign, so long as he is not prejudiced, will deny the tremendous changes which have taken place in China's rural areas since reform. Not long ago, Comrade Jiang Zemin generalized the situation as follows: The past 10 years and more was a period in

which China's rural economy developed the fastest, the improvement in the peasants' living standards was most keenly felt, and supplies of farm and sideline produce were the most abundant since the PRC's founding.

Such great historical changes were inseparable from "stability." It was stability that promoted change; it was continuous stability that brought about earth-shaking change. Stability, completion and perfection have been the terms most extensively used by leadership, from the central to the local authorities, whenever rural work was mentioned. That was also a precious experience of rural reform's tremendous successes as well as an important principle to insure rural reform's continuous development in depth.

#### Guiding Idea Remains Unchanged

State monopolized grain prices were raised by 20 percent from 1979 when summer grain appeared on the market, and prices for surplus grain after fulfilling purchase quotas were increased by another 50 percent on that basis. In late 1978, the Third Plenary Session of the 11th CPC Central Committee made the above suggestion to the State Council. The implementation of this important measure gave great play to the enthusiasm of the broad masses of peasants' for production and became one of the major impetuses pushing China's grain production to a new plane in the early 1980's.

In September 1990, the State Council announced that a special state grain reserve system was to be built; and that surplus grain in peasants' hands would be purchased at protected prices. The important decision made under the new situation effectively protected the peasants' enthusiasm for planting grain crops, while laying a foundation for the next bumper grain harvest in 1991.

Raising grain prices by a wide margin was the first important measure for rural reform presented; whereas the establishment of the special grain reserve system has been presented only recently; despite the 10-year gap, the two measures embody an entirely identical spirit. That is not a coincidence, but vividly reflects a constant guiding idea of our party in pushing forward rural reform.

This guiding idea was first set forth by Comrade Deng Xiaoping, with the all-out support of the Third Plenary Session of the 11th CPC Central Committee. That was precisely reflected in the session's communique: "At present, the whole party must focus its efforts to bring agriculture up as quickly as possible." "To achieve this aim, it is primarily necessary to give play to the several hundred million peasants' enthusiasm for socialism. It is imperative to show full concern for their material interests economically and to insure their democratic rights in a down-to-earth way politically." Ten months later, the Central Committee officially issued the decision on several issues concerning accelerating agricultural development and pointed out the following more explicitly: "The primary starting point in determining agricultural policy and rural economic policy is to give full play to the socialist system's advantages as well as the enthusiasm of



the 800 million peasants." "Whether our policies fall in line with the needs of productive force development depends on whether or not such policies are capable of giving play to the workers' enthusiasm for production."

Since then, rural reform has been advancing along this major line. Centering around developing the productive forces and protecting and giving play to the peasants' enthusiasm, our party has successively formulated and implemented a series of basic policies for rural economic development which mainly include implementing the system of contracted household responsibility with remuneration linked to output; supporting and running township and town enterprises in a big way, adhering to the public ownership economy as the key and allowing and encouraging the appropriate development of other economic factors; actively developing diversified management, while firmly grasping grain production; pushing forward reform of the circulation structure; implementing multichannel circulation; allowing and encouraging some regions and people to get rich first through honest labor and legitimate operation; and so forth. Despite the difference in the time of their presentation, with differences in the areas involved, they all embody an identical ideological principle; consequently, they have won the support of the broad masses of peasants while playing a tremendous role in rural economic development.

The policies have not only triggered the enthusiasm that has long lain dormant in people, the most important of all factors in the productive forces, but also have given full play to the production potential dormant in the collective, with the land rapidly awakening. In a short span of 10 years, China's annual grain output rose from some 300 billion to 435 billion kg, up by 42.7 percent; also, other major farm crops, including cotton, edible oil and sugar, doubled; animal husbandry and aquatic production developed steadily, with their gross output ranking first in the world in consecutive years; and township and town enterprises came to the fore as a new force and became an important pillar in the rural economy.

It has always been the case that no unanimity can be reached regarding views on newborn things; neither has it been plain sailing with reform. Why have stability and change always been the "hot spot" of the peasants' concern over the past 10 years or so? It is precisely because they have constantly felt the looks of doubt from some circles, and they even have continuously heard stern reproaches of various descriptions. Those different opinions were not out of ill feeling, but they were mostly due to the differences in regional economic levels and departments and the gap between the knowledge and understanding of a small number of comrades and the central spirit. However, the Central Committee as the helmsman has always been firm in its thinking, and its attitude has always been explicit and has never wavered on a series of important policies; consequently, the steady advance of rural reform has been ensured.

The most talked-of systems, those of contracted responsibility on a household basis with remuneration linked to output and township and town enterprises, have displayed the most vigorous vitality with the party's support. Based on updated statistics, more than 99 percent of the 740,000 administrative villages (originally production brigades) have implemented the system of contracted responsibility on a household basis with remuneration linked to output, and the remainder, some 7,000, accounting for less than 1 percent, have also implemented various forms of contracted responsibility. Township and town enterprises have maintained their vigorous vitality despite setbacks, with the rural work force they have absorbed increasing from some 20 million to approximately 100 million. Their annual output value has accounted for more than 50 percent of the rural social gross output value in consecutive years, with their industrial output value accounting for one-third of the national industrial gross output value. Township and town enterprises have become not only an economic pillar of the rural economy, but also the main body of China's medium and small industrial enterprises and the major source of local finance and tax.

With stable policies, people set their minds at ease, their enthusiasm steadily grew, and their productive force continued to develop, while the basis of all this was the stability of guiding thinking. At the recently held Eighth Plenary Session of the 13th CPC Central Committee, General Secretary Jiang Zemin reemphasized that it is imperative to adhere to the very important guiding idea set by the Third Plenary Session of the 11th CPC Central Committee. In thinking out problems, formulating policies and doing business, it is necessary to regard giving play to the peasants' enthusiasm as the basic starting point and goal.

#### **Doubts Should Be Cleared Away**

The implementation of the contracted household responsibility system as the key is the most important of the party's rural policies as well as the most conspicuous change in rural economic life, which has a bearing on the stability of the whole situation. Over the past 10 years or so, the Central Committee has repeatedly reaffirmed the need for long-term stability, but the peasants are always worrying about possible change. Why should such contradictory phenomena have emerged? Aside from the psychological scars left by history and mistakes in practical work in a small number of places, an important point is the doubts existing in their ideological understanding. Only by linking with the actual conditions to clear away doubts will the ideological basis for the policy's stability be still more solid.

How to categorize the contracted household responsibility system? It falls into the category of "public ownership" and "socialism," but not "capitalism." It is entirely different from "dividing the land to go it alone," for the "division" here involves only "responsibility." What the peasant households obtain is the right to manage the land, and their say in production, but not

land ownership; and basic production materials, including land, continue to be owned by the collective. Such changes are not a negation of agricultural cooperation, but a change in the form of management of the collective economy without changing its socialist nature. The peasants of Anhui's Fengyang County, who were the first to implement "all-around contracted responsibility," said this: With a sufficient share going to the state and a sufficient share retained by the collective, the remainder should go to the peasants themselves. The phrase "with a sufficient share retained by the collective" pinpoints the close relationship between the peasant household and the collective, while reflecting the essential difference between peasant households under contracted responsibility and peasant households going it alone. Back in the early 1980's, the central authorities gave a clear explanation of the nature of the contracted household responsibility system. In the "Circular on Agriculture and Rural Work in 1991," jointly issued by the Central Committee and the State Council, it was more explicitly pointed out in this explanation: "Through implementing the contracted responsibility system, with the system of contracted household responsibility with remuneration linked to output as the key, a two-tier managerial structure characterized by centralization and separation has been established, and a new managerial form compatible with the requirements for the production force level and development has been found." As it is a new managerial form of collective economy, it is very clear in what category it should fall. To put it bluntly, like the people's commune system in the past, the system of contracted household responsibility with remuneration linked to output falls into the category of "public ownership" and "socialism"; the difference between them lies in the system of contracted household responsibility being more capable of giving play to the peasants' enthusiasm for production and more conducive to productive force development. Facts in recent years have already testified to this point.

Has the collective economy been weakened in the wake of the universal implementation of the system of contracted household responsibility? People were once perplexed by this question. In fact, such a worry was never necessary. Whether the collective economy is strengthened or weakened depends on the comprehensive productive capability and accumulation of the collective. It is universally acknowledged that the 10 years or more since reform is the period in which China's rural economy has developed fastest and most healthily. Take, for instance, grain production capacity, which is most important. In the late 1950's, China's annual production capability was 200 billion kg, and by 1978 it had risen to 300 billion kg. The rise to that level took 20-odd years; whereas it took only six years to rise from 300 billion to 400 billion kg. It was precisely because of the introduction of the family management tier that vitality was instilled in the collective economy, with comprehensive agricultural production capacity greatly augmented. Take, for another example, collective accumulation. The assets under collective ownership nationwide were 80

billion yuan in 1978; by the end of 1990 they had increased to some 280 billion yuan, up by 200 percent and more. On the other hand, the assets' structure went through tremendous changes; in the past, they were chiefly simple and crude buildings, livestock and farming machinery, but now they are expanses of workshops, whole ranges of equipment and production lines. Of course, in a small number of places, some collective assets that should not have been divided up were divided up in the initial stage of reform, while there was failure to promptly complete and perfect the accumulation mechanism, resulting in a cutback in collective accumulation. We should draw a lesson from this. Regarding villages of this category with rather weak collective economic strength, it is necessary to adopt measures and give them special help. However, we must have a clear picture in mind that partial and temporary problems are not the fault of implementing the contracted household responsibility system. From the angle of the whole situation, the collective economy has been unprecedentedly strengthened. What huge wealth a million village collective enterprises have added up to! Is it not true that all of them have been founded by the collective in the last 10 years? Sensible old people will never reproach their children and grandchildren for tearing down worn-out huts to build new houses; likewise, we should not limit collective accumulation to public buildings and tractors, while refraining from viewing expanses of new factories and production lines as collective assets.

Breaking up egalitarian distribution characterized by "eating from the same big pot" has genuinely realized the socialist distribution principle and is one of the feats of the contracted household responsibility system, which has given great play to people's enthusiasm for production and narrowed differences in income. Regarding all this, some people cannot help grumbling in their minds, out of their suspicion of the system running against the goal of common prosperity, resulting in "polarization." We have only to pose two questions to clear away their doubts. How many well-off households were there in the rural areas prior to reform? How many households have grown poorer in the wake of reform? People free of prejudice will give the same answer. It is hard for any one to deny the fact that since the implementation of the contracted household responsibility system, peasants' incomes and living standards have universally and steadily improved in China. Peasants' per capita annual income was only 134 yuan in 1978, and it had increased to 630 yuan last year, up by 2.2 times with the price factor deducted. Today, more than 90 percent of peasants have solved the problem of having enough food and clothing, and half of them have built new homes. The latest statistics show that although the peasants' income growth rate has slowed markedly over the past three years, the number of households with a per capita annual income of less than 200 yuan in 1990 was still 10.8 percent less than that in 1987, accounting for only 6.6 percent of the total number of peasant households across the country; whereas the number of peasant households with a per capita income exceeding 600 yuan increased



by 19.3 percent from 1987, accounting for 49.4 percent of peasant households. This shows that an increasingly greater number of peasant households are becoming well-off. It was precisely the universal implementation of the contracted household responsibility system that broke the impasse of being tied together in suffering from poverty and opened up a vast space for giving play to the enthusiasm and creativity of the broad masses of peasants, thus encouraging a new situation in which those who get rich first bring along the others to advance along the road to common prosperity. There are actually certain gaps between localities and peasant households; however, this is not "polarization," but a time difference in realizing prosperity. In a certain sense, this is also an impetus to promoting common prosperity.

Rather small-scale management of agriculture is not contradictory to modernization, with precedents in some developed countries long ago; nevertheless, is the practice feasible in China? Such is the doubt in people's minds, and the question whether or not the contracted household responsibility system is an "expedient measure" remains cloudy. The practice of some advanced regions serves as an eloquent reply; as a result, people began to see the great potential and bright prospects of the contracted household responsibility system. Through "five unifications" socialized services, Shandong's Huantai County spread good breeds and methods in an all-around way and made grain production steadily rise to a high-output level and became the first "county with per-unit output exceeding one ton" in the north. Guangdong's Changhai County worked hard on increasing output on land of a very small per capita area, while in a big way pursuing three-dimensional planting with intensive management; as a result, the single crop of rice has exceeded one ton in consecutive years; in addition, output of its cash crops increased in an overall way, with the output rate and economic returns of agricultural production raised by a wide margin. A considerable number of such examples of high output and economic returns have emerged. As a result, some agricultural experts who have been on many investigation trips overseas said with great delight: Compared with foreign countries, the services and production in those places are first-rate. They are advancing along the road of modernization with large strides; however, they have not changed the contracted household responsibility system, but they have developed socialized services and realized high output and economic returns in agriculture through completing and perfecting the two-tier managerial structure.

Understanding has been deepened in the course of practice, and policies completed and perfected in deepened understanding. Based on this, the Eighth Plenary Session of the 13th CPC Central Committee logically drew the following conclusion: Guide the contracted household responsibility system into the collective economy to form a two-tier managerial structure characterized by centralized and separate management so that peasant households may have their say in production operation while adhering to the public ownership of

basic production materials, including land, and necessary unified operation. Such a two-tier managerial structure has rather great flexibility in the specific form and essence of the combination of centralization and separation, while containing productive forces of different levels with extensive adaptability and vigorous vitality. This is a great creation of the Chinese peasants under party leadership, the self-completion, perfection and development of the collective economy; by no means is it an expedient measure to resolve the matter of enough food and clothing. It is imperative to adhere to such a two-tier managerial structure for a long time, and there should not be any doubts or wavering.

When the central authorities are so firm about it, why should our peasant brothers not set their minds at ease?

#### Adhering to Completion, Perfection and Development

The peasants dread "change." That is true, but not comprehensive. In fact, the peasants dread retrogression, "returning to the big crowd [gui da dui 2981 1129 1018]," "eating from the same big pot," and more so do they dread "dividing up the land to go it alone"; whereas, regarding "change" in reform in a set direction, the peasants have no dread of that, but warmly welcome it.

The rural economy has changed continually over the past 10 years or so, but the general direction in which our party has pushed rural reform has not changed, nor has its major train of thought in guiding economic development; the principles of proceeding from the actual conditions and going along with the requirements of productive force development and the peasants' will have been adhered to, while the set policies have been continuously substantiated, completed and perfected. Despite the fact that this is also a kind of "change," the greater the change, the more it falls in line with the peasants' wishes and objective law. This point is keenly felt in the development of the contract responsibility system on a household basis with remuneration linked to output.

In 1978, when a small number of places, including Anhui, secretly pursued fixing farm output quotas for each household and the all-around contract system, the central authorities were not in a hurry to affirm the practice because it had not revealed its tremendous effects. However, after a year or so, the power of the "contract system" was making itself felt. Comrade Deng Xiaoping quickly grasped this newborn thing and explicitly pointed out that "with the relaxation of rural policies, some places where fixing farm output quotas for each household is suitable have done so with rather sound effect and rapid change." "Some comrades are worrying whether this will affect the collective economy. To my mind, such worry is unnecessary." In September 1980, the central authorities called a special meeting on the issue of the responsibility system in agricultural production in support of various places implementing the responsibility system in production, while affirming "fixing farm output quotas for each household" as one of the forms of responsibility system, believing that the



system could be implemented in remote border and impoverished areas. Consequently, this affirmation led to the rapid spread of "fixing farm output quotas for each household" and the "all-around contract system" nationwide, with the momentum of a flood breaking a dike. The Central Committee respects the peasants' creation, the more so their choice; it promptly summarized and elevated the experiences, believing that the contracted household responsibility system could be implemented in all areas, and that it was a new development of Marxist theory on agricultural cooperation in China's practice. With the support of the central authorities, the peasants broke through resistance and implemented the contracted household responsibility system in over 90 percent of rural production brigades within two or three years. Consequently, the old structure, characterized by a high degree of centralization with a combination of government and commune, was disbanded. From "banning" to "giving the green light" in the majority of places to "new development," such is precisely the path of development of a major policy from fermentation to its being set forth and initial maturity.

In the wake of the universal implementation of the responsibility system, with the contracted responsibility system on a household basis with remuneration linked to output as the key, the completion and perfection of policies did not stop. Since 1982, the central authorities have called a special meeting each year to study rural reform, especially the new situation in the contracted household responsibility system, to resolve new problems, and have issued five "Documents No. 1," and a "Document No. 5" consecutively. Aiming at the misunderstanding of some cadres and some of the masses and at mistakes in work of a small number of localities, the central authorities explicitly pointed out, back in 1982, that the implementation of the contracted household responsibility system was just a change in the managerial form of the collective economy, and that it was necessary to implement a two-tier managerial structure, pursue centralization or separation based on actual conditions, and pay attention to giving play to the enthusiasm of both the collective and the peasants. To avoid short-term behavior in contracted management, the central authorities made the proposal in 1984 that the 15-year term of contracted responsibility for land remain unchanged, and that the term of contracted responsibility for development of barren hills be still longer, which eased the peasants' minds. In the wake of the rural economy switching onto the track of commodity production, the contradiction characterized by the strengthening of separation and the weakening of "centralization" became increasingly conspicuous. The central authorities promptly required the augmenting of the collective to unify the managerial tier in order to meet the peasants' pressing demand for services. Over the past two years, they have further adapted to the new situation, in which the economy is developing with a rapid and strong momentum, summarized experiences of various places, opened up service tiers, expanded their contents, and

proposed the tasks for building and completing a socialized service structure. The "Decision on Further Augmenting Agriculture and Rural Work," adopted at the Eighth Plenary Session of the 13th CPC Central Committee, although it explicitly announced the regarding of the responsibility system with the contracted household responsibility system and the two-tier managerial structure characterized by the combination of centralization and separation as the basic system of China's rural collective economic organization, which will be stabilized for a long time, continued to set forth the need to continuously substantiate, complete and perfect the system, while concisely and explicitly pointing out the key and orientation of deepening reform.

The course of gradual change is more often than not difficult to feel. Reviewing its course, however, selecting several key links in the growth of the contracted household responsibility system over the past 10 years or more, people will discover what surprising changes it has gone through! At the initial stage of reform many people even had doubts when the system was viewed as a difficult path, but today it has become a highway universally acknowledged by the whole party and the whole people.

Why has such "change" not aroused the peasants' repugnance? This is precisely because such "change" has never deviated from developing the productive forces, the basic goal, nor has it deviated from the guiding idea of protecting and giving play to the peasants' enthusiasm, or violated the important principles of proceeding from reality in everything and respecting the masses' creation. The series of basic rural policies, including the responsibility system, with the contracted responsibility system on a household basis with remuneration linked to output as the key, are like seeds with stubborn vitality that germinate, take root and break the soil under the party's meticulous cultivation, and grow into luxuriant trees. How can the peasants fail to show their warm welcome for such "change"?

We may assert that such "change" will continue from now on, due to the objective demands of continuous economic growth. It is the specific embodiment of the ever-deepening reform, as well as the self-completion and perfection of the socialist collective economy; consequently, it will continue to win the enthusiastic support of the broad masses of peasants.

Rural reform is far from being perfect. The rural commodity economy is just at its initial stage; we are still facing many new problems and arduous new tasks urgently awaiting solution. However, the ice has been broken, and the water course made ready. So long as we aim in the set direction, actively push forward rural reform based on the central arrangements, implement the party's basic rural policy in a comprehensive way, and continue to keep to the keynote of "stability, completion and perfection," we are sure to be able to advance with broad strides along the highway of socialism with Chinese characteristics.

### East Region

#### Lu Rongjing Attends Spring Fete for Scientists

OW2701195192 Hefei Anhui People's Radio  
Network in Mandarin 1100 GMT 27 Jan 92

[From the "Provincial Hookup" program]

[Excerpts] The Organization Department of the provincial party committee, the Provincial Personnel Bureau, the Provincial Science and Technology Commission, and the Provincial Association for Science and Technology cosponsored a Spring Festival gathering for scientists and engineers at the auditorium of the Daojianlou Guesthouse on the afternoon of 25 January.

Some 300 scientists and engineers as well as administrators of scientific institutions happily got together to ring out the old year and sing in the new, and freely aired views about ways and means for invigorating Anhui.

Provincial leading comrades Lu Rongjing, Yang Yongliang, Liu Guangcai, Ying Yiquan, Zhang Runxia, and Zhao Huaishou were present at the gathering. [passage omitted]

Yang Yongliang, deputy secretary of the provincial party committee, spoke at the gathering. After extending cordial greetings from the provincial party committee and the provincial government to the scientists and engineers on hand and, through them, to scientific and technical workers at large in Anhui, he said: Last year, the people of Anhui fought successfully against a natural disaster. Despite the devastating damage, the provincial industrial and agricultural output value for last year topped the preceding year, and several major construction projects—such as the Hefei-Jiujiang Railway, the Tongling Bridge across the Chang Jiang, and the Hefei Railway Station—proceeded smoothly. At present, social stability, good public order, stable commodity prices, and popular contentment have prevailed in the disaster-stricken areas. All scientific and technical workers in Anhui made their share of contributions to Anhui's achievements last year. In the coming year, we will continue to face a formidable task in economic rehabilitation and development. Scientific and technical workers at large are urged to work hard with one heart and one mind under the party's leadership, so as to score still greater successes in the coming year.

#### Mao Zhiyong, Wu Guanzheng on Aquatic Products

HK2801040492 Nanchang Jiangxi People's Radio  
Network in Mandarin 1100 GMT 19 Jan 92

[Excerpts] The provincial on-the-spot experience exchange meeting on the geese and ducks project, which was convened by the provincial people's government, ended this morning in Nanchang. Mao Zhiyong, provincial party secretary, and Wu Guanzheng, provincial party deputy secretary and governor, spoke at the

meeting, stressing: It is necessary to regard the development of animal husbandry and the aquatic products industry as a breakthrough point in invigorating Jiangxi's rural economy and to strive for their large development this year. [passage omitted]

Mao Zhiyong pointed out: Effecting a big breakthrough in animal husbandry and the aquatic products industry has far-reaching significance. It is favorable to stepping up the readjustment of the province's rural industrial structure and quickening the pace of rural economic development, to enhancing agricultural returns and increasing agricultural incomes, to the ecological cycle of large-scale agriculture and fund circulation, and to the construction of rural industry. It promotes the development of relevant industries that serve animal husbandry and the aquatic products industry, including fodder, medicine, machinery, as well as foodstuffs, leather tanning, feathers, and so forth. It is favorable to maintaining social stability and improving people's living standards.

After analyzing our province's advantageous conditions for the development of animal husbandry and the aquatic products industry, Mao Zhiyong stressed: In attaching importance to the development of animal husbandry and the aquatic products industry as a breakthrough point for invigorating the rural economy, we must stabilize the policies for forestry and fisheries and further mobilize the initiative of vast numbers of peasants. It is necessary to cope with scientific and technological problems, apply new scientific and technological results, and make efforts to increase per unit area yield, improve quality, and enhance returns. We must exploit new resources and explore new areas, and, while using the currently available resources, we should develop some regional large-scale production items. We must strengthen basic facilities construction projects and enhance the staying power for development. We must develop the system of socialized services and offer serial services during the pre-production, mid-production and post-production periods so that our animal husbandry and aquatic products industry will gradually get on the track of commercialization, mechanization, specialization, and modernization.

Wu Guanzheng pointed out in his speech: Regarding the readjustment of this year's agricultural structure, there must be a major development in breeding efforts. We must be stronger in our determination to step up the development of animal husbandry and the aquatic products industry, and consider them an important way for peasants to get wealthy, and upgrade, in the quickest possible way, peasants' living standards from having enough food and clothing to leading a relatively well-off life. It is necessary to uphold relying on scientific and technological progress and enhance the comprehensive economic returns of the geese and ducks project. Wu Guanzheng called on all localities to conscientiously strengthen leadership, and all departments to render vigorous support, and work hard to turn the small aquatic products industry into a large-scale industry.

Vice Governor Shu Huiguo presided over the meeting and gave a speech entitled *Make Persistent Efforts and Dare To Explore To Step Up the Change of the Small-Scale Aquatic Products Industry Into a Large Industry*. Veteran Comrades (Zhao Shengyi) and (Shi Shaolin) also spoke at the meeting.

#### **Jiang Chunyun Addresses Bank Presidents' Meeting**

SK2701154492 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 24 Jan 92

[Text] The provincial meeting of bank presidents and insurance company managers was ceremoniously held in the Jinan Bayi Auditorium on the morning of 24 January. Attending the meeting were Jiang Chunyun, secretary of the provincial party committee; Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor; Li Chunting, Standing Committee member of the provincial party committee and provincial vice governor; and Guo Changcai, provincial vice governor. Jiang Chunyun, Zhao Zhihao, and Guo Changcai made speeches at the meeting.

Jiang Chunyun said: The next decade is a critical period in the province's economic development. We hope that cadres, staff members, and workers of the banking sector will devote much effort to considering what they should do, and then give a qualified answer. For this, Jiang Chunyun demanded: To ensure the fulfillment of the province's second-step strategic goal, the banking departments should build leading bodies well, bring along the ranks of workers, and explore ways to create first-class professional work. By building leading bodies well, we mean strengthening the building of ideology and work style of leading bodies at all levels in order to make them strong in politics and professionally capable. By bringing along the ranks of workers, we mean accelerating the political and professional training of staff and workers of banking departments in order to rapidly improve their political and professional quality and to make the province's banking work as a whole witness a new situation and reach a new level.

Zhao Zhihao said: At present, the province's economic development faces a major transition. In line with the demand of the new situation, around the central task of economic work, banking departments should actively participate in, devise ways for, and serve as advisers for economic development. Banking departments should continue to attend to the work of raising funds, positively develop the monetary market, and facilitate the flow of funds to open more channels to accumulate funds. The departments should make reasonable arrangements for loans and give financial support on a priority basis to the development of agriculture, large and medium-sized state enterprises, foreign economic relations and trade, and the tertiary industry. The banking departments should also accelerate banking reform and open still wider to the outside world by focusing on the change of enterprises' mechanisms.

On how to make this year's financial work a success, Vice Governor Guo Changcai said: This year, all banking departments in the province should actually orient their work to the orbit of supporting the readjustment of economic structure and improving economic efficiency and should help push the province's economy onto a new stage.

#### **Shandong Enterprises Reduce Inventory Sizes**

SK2401084592 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 23 Jan 92

[Excerpt] Shandong Province satisfactorily accomplished the 1991 task for reducing the stockpiling of products.

According to statistics at the end of 1991, the state-owned industrial enterprises with industrial and commercial bank accounts had 18.623 billion yuan tied up in finished products, goods shipped in transit, and receivable and advance payment for goods, registering a decrease of 1.601 billion yuan from the figure at the end of June and attaining the state-fixed target. Of this, the funds tied up in their finished products totaled 6.286 billion yuan, showing a drop of 1.647 billion yuan from June, realizing the state target by 133.60 percent, and overfulfilling the task for reducing the stockpiling of products. [passage omitted]

#### **Dozen Oil, Gas Pools Found in Shengli Oil Field**

SK2701155492 Jinan DAZHONG RIBAO in Chinese  
21 Dec 91 p 1

[Summary] At Shengli Oil Field so far, 12 large and medium-sized oil and gas pools have been found in the beach areas, and the reserves of these oil and gas pools accounted for more than 50 percent of the total reserves verified by the oil field in the same period.

### **Central-South Region**

#### **Hainan Vice Governor Tours Nansha Islands**

OW2701171792 Beijing XINHUA in English  
1525 GMT 27 Jan 92

[Text] Haikou, January 27 (XINHUA)—Xin Yejiang, the vice governor of Hainan Province, led a delegation of representatives from various departments of the Hainan provincial government on recent inspection tour of China's Nansha Islands.

The delegation conveyed New Years greetings to Chinese naval personnel stationed there.

The group departed Hainan Island's Macun Port on January 10 aboard the "Xiangyanghong No. 5" scientific expedition ship, and traveled more than 5,600 kilometers on the tour of the Zhubi, Huayang, Chigua, Dongmen, Nanxun and Yongshu reefs. The tour ended on January 22.



The 25 member delegation included Rear Admiral Zhou Kunren, commissar of the South-China Sea Fleet; Major General Xiao Xuchu, Commander of Hainan Military Region; and Rear Admiral Liu Weidong, deputy commissar of a Hainan navy base.

**Li Changchun Solicits Opinions on Government Work**  
*HK2701131192 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 17 Jan 92*

[Text] On the afternoon of 16 January, Governor Li Changchun; Vice Governors Song Zhaosu, Qin Kcai, Liu Yuan, and Fan Qichen; provincial government Secretary General (Hu Shujian), et al made their way to the office of the provincial people's congress standing committee to discuss the government work in 1991 with members of the standing committee and solicit their opinions on and suggestions about government work.

Provincial people's congress standing committee Chairman Yang Xizong; Vice Chairmen Lin Xiao, Ji Hanxing, Wu Shaokui, Guo Peijun, Fan Lian, Hu Tingji, Zhao Wenlong, and Hou Zhiying; Secretary General Wang Hongfan, et al attended the meeting.

Members of the provincial people's congress standing committee present unanimously maintained that the provincial party committee and government made vigorous efforts in implementing various principles and policies formulated by the central authorities and that the measures they took were consistent with Henan's actual conditions, thus scoring enormous achievements. However, they said, some problems were evident. They pointed out the drawbacks in the government work. Their opinions were to the mark.

Vice Chairman Guo Peijun said: There has been a sharp increase in the number of organs under the provincial government. The number of organs is on the increase, but efficiency is on the decline, thus leading to many malpractices such as overstaffing. The provincial government should find out how the cadres fulfill the provincial party committee's requirements for being on the alert against three malpractices and being practical in four ways. At present, there are excessive apportions for enterprises. We should remove the external interference which hinder the development of enterprises.

Yang Xizong chimed in at this point: The Yaxiya Shopping Mall introduces rigorous regulations but the management is afraid to challenge those who come through the back door.

Li Changchun said solemnly: We must carry out an investigation into this matter. We must resolutely send back those who were not recruited through the necessary procedure.

Vice Chairman Fan Lian said: In revitalizing agriculture, we must pay attention to the basic task of promoting education. We must make great efforts to improve the quality of the work force. Through implementing the

compulsory education law, Henan has scored many achievements in making primary education universal. But the present quality of instruction remains lower than expected. The quality of teaching staff is to blame. We must try to improve the quality of teachers. The problem concerning payment for teachers serving schools run by civilians, which has not been properly solved so far, should be solved.

(Peng Yifeng), a provincial people's congress standing committee member, who has just come back from an inspection tour of Nanyang Prefecture, said: The peasants are presently carrying an excessive burden. The provincial government should take measures as soon as possible to solve this problem.

(Li Guangzhao), also a member of the provincial people's congress standing committee, said: The provincial government should support the media in exercising correct supervision. It is entirely necessary to exercise supervision by public opinion in a practical way and under proper leadership.

A warm and lively atmosphere prevailed throughout the meeting in the afternoon. Governors attentively listened to other people's suggestions and interposed from time to time.

Toward the end of the meeting, Governor Lin Changchun exchanged views with others present on some problems raised. He said: The provincial government and organs under it are really overstaffed. The provincial government recently called a meeting on the size of the government body. According to the meeting, [words indistinct] and the upgrading of offices will no longer be approved. To seek proper ways to simplify the administrative structure, we are planning to first conduct investigation and study. The provincial government will regard it as a key task to lessen peasants' burden. Since this is an important matter concerning tens of thousands of households, we must make it successful.

Regarding revitalizing agriculture through the application of science and technology, Li Changchun said: It is important to strengthen [words indistinct], increase funds for promoting scientific and technological progress, and vigorously spread the use of scientific and technological achievements in agricultural production.

For other problems, Governor Li Changchun said that the government will respond after conducting a careful investigation.

**Guan Guangfu on Agricultural Foreign Capital Use**  
*HK2801070992 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 21 Jan 92*

[Excerpts] On the afternoon of 17 January, while holding discussions with attendees of a provincial meeting on the use of foreign capital in agriculture and animal husbandry, provincial CPC Secretary Guan Guangfu pointed out: We should strengthen our concept of reform

and opening up, understand the significance of using foreign capital in agriculture and animal husbandry, and increase the efficiency and benefits of using foreign capital in this regard to promote agricultural modernization in our province. In the meantime, he also called on the whole province to vigorously develop animal husbandry and effect a breakthrough in raising herbivorous animals, and cows in particular. [passage omitted]

Guan Guangfu added: As far as overall agricultural investment is concerned, although the proportion of foreign capital utilization is not large, it is of great significance. It can not only make up the insufficiency of capital at home, but also, more importantly, help us import and absorb advanced foreign science and technology. This meeting has firmly grasped this point, namely, an important issue in agricultural modernization, and reform and opening up in agriculture as well.

Guan Guangfu emphasized: At present, using foreign capital in agriculture and animal husbandry in our province is still a weak link. Leaders at all levels should further emancipate their minds, and take a greater step. First, we should significantly widen the channels of using foreign capital. Second, we should integrate the use of foreign capital with Hubei's strategy for agricultural development. We should seize hold of the key link, focal point, and deployment around the issue of Hubei's agricultural modernization. We should handle well the relations between the present and the future, and select some typical, key, and priority projects to raise the level of our work of using foreign capital in agriculture and animal husbandry. Third, we should administer and use well foreign capital, and grasp well the work of importing and absorbing technology. All imported items should play a promoting role. Fourth, we should optimize our environment of attracting foreign capital. We should enhance our work efficiency with regard to the import and administration of foreign capital, strengthen cooperation between various departments, enhance macroscopic economic regulation and control, and grasp well the comprehensive use of foreign capital to increase our creditability. [passage omitted].

#### **Chen Bangzhu Addresses Personnel Work Conference**

*HK2801072092 Changsha Hunan People's Radio  
Network in Mandarin 2300 GMT 19 Jan 92*

[Text] The provincial personnel work conference, which wound up yesterday, emphatically called for improving large and medium state-run enterprises; strengthening agricultural and rural work; continually deepening institutional reform, wage system reform, personnel system reform, as well as rank-title conferment system reform; and striving to further improve personnel work.

The three-day conference summed up and exchanged personnel work experiences over the past year, studied and arranged this year's work, and commended 39 advanced personnel work units and 221 advanced individuals excelling in personnel work.

Provincial party and government leaders, including Chen Bangzhu, Shi Jinshan, and Zhuo Kangning, as well as comrades in charge of various provincial departments concerned, conferred certificates of merit on the advanced units and individuals.

Chen Bangzhu, provincial party committee deputy secretary and governor, delivered a speech at yesterday's meeting, in which he fully affirmed the personnel work achievements scored over the past year and emphatically stated: The personnel and economic departments must firmly cultivate a guiding ideology marked by adherence to economic construction as the center, provide services to large and medium enterprises with an eye on improving their performances, strengthen agricultural and rural work, and integrate personnel work with economic construction.

Chen Bangzhu called on various areas to adopt resolute measures to strictly control the institutional scale of party and government organs at all levels, check the on-going institutional scale expansion of party and government organs, and make party and government organs more compatible with economic development.

### **Southwest Region**

#### **Yang Rudai Addresses Provincial CPPCC Meeting**

*HK2801070892 Chengdu Sichuan People's Radio  
Network in Mandarin 2300 GMT 19 Jan 92*

[Text] The Fifth Session of the Sixth Sichuan Provincial Chinese People's Political Consultative Conference [CPPCC] Committee called a meeting yesterday.

Yang Rudai, secretary of the Sichuan Provincial CPC Committee, delivered an important speech at the meeting. The meeting's executive chairmen were: Liao Bokang, Chen Zhuxiang, and Jiang Zeting.

Comrade Yang Rudai's speech was divided into the following three parts:

1. To correctly view changes in the international situation and continue to take the road of building socialism with salient Chinese characteristics.
2. The province's and provincial CPPCC committee's 1991 work achievements.
3. To implement in an in-depth manner the spirit of three central work meetings and push ahead with a steady provincial economic, political, and social development.

Comrade Yang Rudai noted: The year 1991 was a year which saw drastic changes in the international situation. The global economic competition and comprehensive national strength contention were characteristic of the relations among big powers. In the future, the world will enter an era characterized by economic confrontation in the main. In a comprehensive national strength contention centered on economic, scientific, and technological

progress, we must forge ahead and must not lag behind. Should we lag behind, we would be defeated.

Comrade Yang Rudai fully affirmed in his speech the achievements scored by the CPPCC organizations at all levels in political consultation, democratic supervision, and active participation in discussion and management of the state and political affairs in 1991. On behalf of the provincial party committee, Comrade Yang Rudai extended thanks to the CPPCC members, democratic party personalities, and industry and commerce federation members at all levels as well as personalities of all nationalities and all walks of life across the province.

Speaking of the key work points for 1992, Comrade Yang Rudai stated: The general requirements are: To implement further the spirit of the Seventh and Eighth Plenary Sessions and the central work meeting; further emancipate minds, brace up, speed up reforms, and expand opening up; focus overall economic work on structural readjustment and efficiency betterment; closely adhere to economic construction as the center; comprehensively step up party building; push ahead with socialist spiritual civilization building, democracy building, and legal system building, bring into fuller play political superiority; ensure a steady provincial economic, political, and social development; and strive to greet the upcoming convocation of the 14th party congress with more outstanding achievements.

Also attending the meeting were leading comrades of the Sichuan CPC Committee, the Chengdu Military Region, the Sichuan Advisory Committee, the Sichuan Discipline Inspection Commission, the Sichuan People's Congress, and the Sichuan CPPCC Committee, including Li Jiulong, Li Boyong, Song Baorui, and He Haoju.

Leading comrades of the provincial higher people's court, people's procuratorate, branches of various democratic parties, industry and commerce federation, and various other provincial organizations; leaders of various delegations to the provincial people's congress session; as well as comrades in charge of various provincial organs attended yesterday's meeting.

#### **Leader Speaks at Bank's Anniversary Reception**

*OW2801013292 Lhasa Tibet Television Network  
in Mandarin 1230 GMT 27 Jan 92*

[From the "Tibet News" program]

[Text] The Lhasa branch of the Bank of China held a reception on the evening of 25 January to mark the 80th founding anniversary of the bank. Autonomous regional leaders including Gyaincain Norbu, Mao Rubai, Namgyai, Jimzhong Gyaincain Pucong, Lhamin Soinam Lhunzhub, Qaba Gaisang Wangdui and other responsible comrades of the relevant departments attended the reception. [Video shows Gyaincain Norbu, other leaders and guests sitting at a long table]

Mr. (Lana-Paha-Turcafa), Nepalese consul general stationed in Lhasa, accompanied by his wife, also attended and spoke at the meeting.

Chairman Gyaincain Norbu extended his congratulations to the Bank of China on behalf of the autonomous regional government. He said: Since the implementation of the reform and open policy in our region, financial reform has been deepened continuously; the financial industry has flourished; exchanges and cooperation with international financial and economic circles have been on the increase. As a branch of a specialized bank of our state's foreign exchange and trade in the autonomous region, the Lhasa branch of the Bank of China has made positive contributions to promoting the region's opening to the outside world, enhancing its foreign exchange earnings through exports, and developing Tibet's international financial business. Gyaincain Norbu hoped that the Lhasa branch of the Bank of China would keep up the good work, continue to deepen the financial reform, further improve its international financial operations, and make new contributions to promoting the economic development in our region. (Qiong Duoma), president of the Lhasa branch of the Bank of China, and responsible officers of the relevant departments, including the Lhasa branch of the People's Bank of China, also spoke at the reception.

#### **Gyaincain Norbu Addresses Advanced Deeds Meeting**

*OW2801043392 Lhasa Tibet Television Network  
in Mandarin 1230 GMT 27 Jan 92*

[From the "Tibet News" program]

[Text] A report meeting on the deeds of Comrade Laji, one of the 10 most outstanding people's policemen in China, was held ceremoniously in Lhasa on 25 January. Autonomous regional leaders, including Gyaincain Norbu, (Liejue), Gying Puncog Cedain, Yang Youcai, Zhou Qishun, party committee secretary of Tibet's Public Security Bureau, Jiang Chengguang, deputy political commissar, and Zang Zhu, political commissar of Tibet regional's armed police corps, attended the report meeting. [Video opens with long shots of some officers sitting at a long table on the rostrum facing a big hall packed with civilians and uniformed men, cuts to show closeups of the responsible officers as their names are read; then a policeman stepping forward, saluting and receiving a red scroll from Gyaincain Norbu]

Outstanding people's policeman Comrade Laji spoke about his background and deeds at the meeting. Comrade Laji was born to a poor serf family in Tibet's Biru County in 1941. He joined the Public Security Bureau in 1962. Currently, he serves as head of an armed police frontier inspection station in Nyalam. Throughout the past 30 years, he has stood and fought at the frontline of border defense. He has unstintingly dedicated the prime of his life to serve at the Tibetan frontier. He has won the title of a First Class Combat Hero conferred by the Public Security Bureau. The Armed Police Corps has



also successively awarded him with several citations, including once for a First Class, twice a Second Class, and once a Third Class. Furthermore, he has also been cited as an advanced individual for national unity, an advanced individual of the regional public security system, and has been cordially received by party and state leaders on a number of occasions. On 10 January 1992, he was selected, along with nine others, as China's 10 most outstanding people's policemen, jointly by the Ministry of Public Security, the Central Propaganda Department, the Central Broadcasting Station and other units.

The meeting called on the broad masses of cadres and policemen under the Public Security Bureau, as well as the armed police officers and soldiers in our region to act immediately, and launch a drive to emulate the heroic spirit, follow the heroic path, and perform heroic deeds like Comrade Laji. It is necessary to model upon Comrade Laji in adhering to our political convictions unswervingly, being dare to withstand hardships, willing to offer our dedicated service, maintaining a noble and upright character, being steadfast in our work and adopting a highly positive attitude.

At the meeting, autonomous regional leader Gyaincain Norbu extended warm congratulations to Comrade Laji on winning the honors as one of China's 10 most outstanding people's policemen, and one of Tibet's 10 best-known personalities. He called on the entire public security cadres and policemen, armed police officers and men, as well as troops stationed in Tibet, people and units from various organs, organizations, and enterprises and industries to learn from Comrade Laji.

### North Region

#### Wang Qun on Nationalities Work Guidelines

SK2601035692 Hohhot Inner Mongolia People's  
Radio Network in Mandarin 1100 GMT 24 Jan 92

[Text] On the morning of 24 January, at the regional government auditorium, the regional party committee held a meeting involving party-member leading cadres of party, government, and army organizations in the region through a telephone and television link-up to relay and implement the guidelines of the central nationalities work conference. Wang Qun, Bu He, Qian Fenyong, Ting Mao, Wang Duo, Kong Fei, Batubagen, Hao Xiushan, Geriletu, Yang Enbo, and Bai Enpei attended the meeting, and were seated on the rostrum. At the meeting, Wang Qun and Bu He respectively relayed the speeches made by Jiang Zemin and Li Peng at the central nationalities work conference.

At the meeting, Bu He offered five opinions on implementing the guidelines of the central nationalities work conference. Bu He said: The central nationalities work conference is a very important one, and is the first nationalities work conference cosponsored by the CPC Central Committee and the State Council since the

founding of New China. This fully indicates the high attention of the party and the state to nationalities work and the cordial concern of the party and the state to minority nationalities and minority areas. Successful relay and implementation of the guidelines of the central nationalities work conference is of great and far-reaching significance for us to firmly and unswervingly implement the party's basic line, to fulfill the region's second-step strategic goal of modernization, to accelerate the pace of the region's economic and cultural development, and to promote the unity and progress of all nationalities in the region.

Bu He pointed out: In implementing the guidelines of the central nationalities work conference, the most important thing is to study the speeches of Comrade Jiang Zemin and Li Peng, and to unite the thinking of all party members and cadres of all nationalities in the region with the guidelines of the speeches. Through study, we should first fully understand the long-duration, complexity, and importance of the nationalities work, and should uphold the principles and policies on correctly handling the problems related to nationalities. In handling the problems related to nationalities, we should always base ourselves on believing in and depending on the overwhelming majority of cadres and the masses of all nationalities, and should draw a strict line of demarcation between the contradictions of the two different natures. During the socialist stage, the contradictions among nationalities are basically the contradictions among the people. In handling such a type of contradiction, we should follow the principles of mutual respect and mutual understanding, we should be sober-minded in making analyses, we should be patient in persuasion, and we should solve contradictions in an appropriate way in order to help promote national unity. As for a handful of splittists and for some other illegal and criminal elements, punishments should be given according to law, no matter where they live or their nationality. In handling an issue touching upon nationalities relations, cadres and party members of various nationalities should strictly abide by laws and policies, and should give play to their exemplary and leading role in order to promote the constant improvement of relations among various nationalities.

Second, we should define the major tasks for the nationalities work during the 1990's. The first task is to accelerate the economic development of minority nationalities and minority areas, and gradually gear their development to the development of the whole country. The second task is to vigorously develop the social undertakings of minority nationalities and minority areas in order to promote the comprehensive progress of all nationalities. The third task is to uphold reform and opening-up, and constantly strengthen the self-development of minority nationalities and minority areas. The fourth task is to persist in and perfect the regional autonomy of minority nationalities, and comprehensively implement the laws on regional national autonomy. The fifth task is to further strengthen the

great unity among all nationalities, and firmly safeguard the unification of the motherland.

Third, we should firmly embrace the Marxist concept on nationalities, and comprehensively study and accurately understand the Marxist concept on nationalities and the party's eight-article policies on solving nationalities' problems. The study of the speeches by Comrades Jiang Zemin and Li Peng should be carried out level by level. Leading cadres at all levels should first attend to study, and then cadres and the masses should be organized to study.

Bu He pointed out: In implementing the guidelines of the central nationalities work conference, we should energetically strengthen the study of Marxist theory on nationalities, and strive to gear the study to the demands of the nationalities work during the socialist modernization period. The study of nationalities theory must follow the four cardinal principles, must help the strengthening of the great unity among all nationalities, must aid the safeguarding of the reunification of the motherland, and must facilitate the building of a socialism with Chinese characteristics. We should continue to educate cadres and the masses of all nationalities with the Marxist concept on nationalities and with the policies toward nationalities; and should combine the propaganda and education on nationalities theory and policies with the on-going education on patriotism, collectivism, and socialism, with the education on modern history and party history, and with the education on the basic national situation and basic line.

Bu He stressed: The subjects of the central nationalities work are to further strengthen the great unity among all nationalities, and mobilize the people of all nationalities in the country to work hard for fulfilling China's second-step strategic goal of modernization and for building a socialism with Chinese characteristics. We should use the guidelines of the central nationalities work conference to mobilize and organize cadres and the masses of all nationalities to promote the smooth fulfillment of the region's 10-year program and the Eighth Five-Year Plan and to accelerate the region's economic and cultural development. Based on study and research, all departments should set forth their specific measures for implementing the guidelines of the central nationalities work conference. Party committees and governments at all levels should further strengthen leadership over nationalities work in order to actually manage the work well. All departments of party committees and governments should attend to nationalities work to promote the unity and progress as well as the common prosperity of all nationalities.

#### **Spanish Loans Used To Import Telephone Systems**

SK2801084992 Hohhot Inner Mongolia People's  
Radio Network in Mandarin 1100 GMT 27 Jan 92

[Text] A ceremony to initial the contract for the Inner Mongolia Postal and Telecommunications Administrative Bureau to use the mixed loans of the Spanish

Government to import program-control telephone systems was held in Hohhot on the afternoon of 25 January. Liu Zuohui, vice chairman of the autonomous region, attended the ceremony.

The mixed loans of the Spanish Government total \$24 million. The Inner Mongolia Postal and Telecommunications Administrative Bureau will use the loans to import from abroad local telephone switchboards totaling 105,000 lines and long-distance telephone switchboards totaling 1,320 lines to be installed in eight cities of our region. The switchboards are planned to be put into operation in 1993 or 1994. By then, the local telephone exchange capacity of Hohhot City will have exceeded 50,000 lines, that of Baotou City 40,000 lines, and that of Chifeng City lines. All the telephone exchange systems of these three cities will be program-control digital exchange systems. Completion of the project will greatly improve Inner Mongolia's investment climate and lay a solid foundation for its economic development.

#### **Tianjin Secretary Tan Shaowen Visits PLA Units**

SK2601060492 Tianjin People's Radio in Mandarin  
2300 GMT 25 Jan 92

[Excerpts] From 23 to 25 January, the leading comrades of municipal level organs have separately led the visiting groups to visit the Tianjin garrison district; the PLA [People's Liberation Army] army, navy, and air-force units stationed in the municipality; and the municipal armed police force; on behalf of the municipal party committee, the municipal People's Congress Standing Committee, the municipal people's government, the municipal Chinese People's Political Consultative Conference Committee, and the people throughout the municipality, to extend festive greetings and regards to the people's Armed Forces that have made marked contributions over the past year to stabilizing the municipal situation and to building up the municipality. They also wished for them still greater achievements in the new year. These leading comrades have also gone to the neighborhoods to hold forums with the family members of martyrs and servicemen, to examine the work done in implementing the policy on giving preferential treatment to servicemen's families, and to extend festive greetings and regards to these family members.

On 23 January, leading comrades, including Tan Shaowen, Li Jianguo, Pan Yiqing, Li Changqing, and He Guomo, visited the navy depots and the PLA unit stationed in the municipality to hold cordial talks with commanders and fighters. [passage omitted]

During his visit to these units, Tan Shaowen, secretary of the municipal party committee, stated that 1991 was an unusual year in which we tided over the most difficult period and scored marked achievements. The broad masses of commanders and fighters in the PLA units stationed in the municipality have made outstanding contributions to the municipality's stability and have promoted the municipal construction in various fields.

He wished the broad masses of commanders and fighters to steadily make efforts; to accelerate their pace in the construction of revolutionization, regularization, and modernization; and to score new achievements in the new year.

On 24 January, Mayor Nie Bichu visited the security guard section under the municipal public security bureau to cordially extend festive greetings and regards. [passage omitted]

### Northeast Region

#### Heilongjiang's 1991 Major Economic Tasks Reviewed SK2401072292 Harbin HEILONGJIANG RIBAO in Chinese 21 Dec 91 p 1

[By Cui Duwen (1508 4206 2429): "Twelve Economic Work Tasks Fulfilled and Good Results Produced"]

[Summary] Thanks to a year of hard work, Heilongjiang has achieved marked results in the 12 major economic tasks this year.

First, the number of state and collective enterprises whose production was totally or partly suspended was reduced by 369, down 26.5 percent, and the number of people whose wage was suspended, reduced, or postponed dropped by 37.9 percent from last year.

Second, large and medium-sized enterprises were improved more rapidly. According to a survey of the 400 large and medium-sized state enterprises, their January-October income from sales grew by 23.4 percent and taxes and profits by 40.5 percent over the corresponding period last year.

Third, the total income of township enterprises is expected to increase by 14.4 percent this year, and their net profits by 8.6 percent. The number of Chinese-foreign joint ventures and cooperative enterprises and enterprises exclusively owned by foreign firms increased from 262 last year to 445. The tax payment of individual and private enterprises in the first 10 months of this year registered a 22-percent increase over the corresponding period last year.

Fourth, a good trend emerged in the coordinated development of industrial and agricultural production and foreign trade and in the intensive processing of resources. The Daqing economic cooperation zone was established to support the development of the petrochemical industry.

Fifth, the province collected 1.07 billion yuan for key construction projects this year to increase investment in the energy industry by 16.6 percent and investment in transportation, post, and telecommunications by 19.3 percent over last year.

Sixth, according to an analysis of the 2,566 state enterprises which had opened accounts in the industrial and

commercial bank, a large amount of funds tied up in stockpiled products and manufactured goods was reduced by 110 million yuan by the end of October as compared with the corresponding period last year.

Seventh, grain output totaled 21.65 billion kg despite serious disasters this year. Funds were raised to ensure the purchase of 12.55 billion kg of grain.

Eighth, the output of meat, eggs and milk is expected to increase by 10 to 30 percent this year.

Ninth, 20 provincial departments helped eight impoverished counties develop more than 100 capital construction and technical transformation projects to increase their peasants' per-capita income from 253 yuan last year to 387 yuan.

Tenth, by selling old public houses at preferential prices, selling new houses, collecting funds from workers and other individuals, and reforming the house rent system, 4.5 billion yuan were collected to build 16.73 square meters of houses and 418,000 households moved to new houses.

Eleventh, the irrational prices of more than 100 kinds of products were adjusted and the prices of about 50 percent of commodities were decontrolled, thus enabling the general price level to remain basically stable.

Twelfth, by the end of October 174 direct foreign investment projects had been approved, up 176 percent from the corresponding period last year, and foreign investment totaled \$83.38 million, up 2.5 times.

#### Dai Suli, Quan Shuren at Work Conference Closing

SK2701152492 Shenyang Liaoning People's Radio  
Network in Mandarin 1030 GMT 24 Jan 92

[Text] After a three-day session, the people's congress work conference sponsored by the Liaoning Provincial CPC Committee concluded on the morning of 24 January. During the conference, Shang Wen, deputy secretary of the provincial party committee, delivered a summary report. He stated that during the conference, the participants earnestly summarized, by regarding the party's basic line as a guiding principle, the basic experience gained by the province in the people's congress work over the past 10 years; discussed how to further enhance the party's leadership over the people's congress work under the new situation and how to bring into full play the role of people's congresses and their standing committees at all levels; and emphatically dealt with a large number of problems concerning the understanding of practical problems. Therefore, the conference has played an important guiding role in enhancing the construction of socialist democracy and legal systems and allowing various undertakings focused on economic construction to develop strikingly.

In his report, Shang Wen also voiced his opinions in line with the motions of enhancing the propaganda of the



people's congress work and of building the leading bodies of people's congresses.

During the conference, the participating principal leading comrades from the provincial-level organs and various cities earnestly studied and discussed the important speech given by Comrade Quan Shuren on behalf of the provincial party committee and the speeches given by Wang Guangzhong, chairman of the provincial People's Congress Standing Committee, and by Governor Yue Qifeng.

During the conference, the participating representatives of 33 units at city and county levels, by voicing their opinions or presenting written reports, exchanged their experiences in enhancing or improving the party's leadership over the people's congress work and in bringing into full play the role of the organs of state power.

Attending the conference were leading comrades from the provincial-level organs, including Quan Shuren, Wang Guangzhong, Yue Qifeng, Shang Wen, Ge Qifan, Wang Julu, Ma Shenglin, Zhang Guoguang, Li Guozhong, and Xu Wencai.

Also attending the conference were Dai Suli, member of the Central Advisory Commission, and veteran leading personnel of the provincial level organs, including Xie Huangtian.

**Yue Qifeng at Economic Reform Conference Closing**  
*SK2801003592 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 26 Jan 92*

[Text] The provincial people's government sponsored a work conference on the morning of 26 January on conducting reform in economic systems. Leading comrades of the six provincial level leading bodies, mayors of various cities, and leading personnel from the system reform commissions of various cities throughout the province attended.

Yue Qifeng, governor of the province, presided over the work conference. Major items on the agenda were to relay and implement the spirit of national work conference on conducting reform in economic systems and to make work arrangements for reform in economic systems this year.

During the work conference, Vice Governor Wen Shizhen delivered a report entitled "Enhance the Consciousness of Reform, Enlarge the Dynamics of Reform, and Make the Province's Economy Prosperous".

Wen Shizhen pointed out in his work report that although the province as a whole Yue Qifeng had made certain progress in reform in economic systems over the past year, and looking at the situation as a whole, the dynamics of reform is insufficient and the focal point of reform is not proper. Our province is obviously lagging behind the provinces and cities along the southeastern coast in transforming its ideology and viewpoints and establishing economic systems.

Wen Shizhen stated in his work report that the province's prominent contradiction and crucial problems cropping up in the course of economic development are that enterprises, particularly the state-run large and medium-sized enterprises, have not fundamentally transformed their operation mechanism; that the structure of industries, products, and enterprise organizations are not rational; and that the finance at all levels is difficult and the commodity circulation is not smooth. We should bear these contradictions and problems in mind in enlarging the dynamics of reform this year and further deepening enterprise reform by regarding as an emphasis the work of transforming the operation mechanism of enterprises. A good job should be done in conducting reform in the following four aspects this year: 1) Efforts should be made to implement the enterprise law and to relax the right of self-determination for enterprises. 2) A good job should be done in emphatically conducting reform in the systems of personnel affairs, labor employment, distribution, and organizational establishment. 3) Effort should be made to conduct classified guidance and to do a good job in conducting the pilot work of improving various enterprises while perfecting the contracting and lease systems. 4) Efforts should be made to accelerate the readjustment of the organizational structure of enterprises.

In concluding his work report, Wen Shizhen stated that tasks for reform in economic systems this year are very heavy and that various localities and departments should enhance their leadership over reform, actively push the reform forward, and have the province's economy achieve an overall turn for the better through the reform.

## Northwest Region

### Gu Jinchu, Jia Zhijie Attend Planning Meeting

*HK2701131292 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 17 Jan 92*

[Text] The provincial conference on planning, promoting technological progress, and financial work stressed: Gansu's key tasks for economic construction in 1992 are: Lay a solid foundation for economic construction by taking advantage of scientific and technological advances, readjust the production setup, deepen reform, improve management, increase sales, guarantee production, and raise efficiency.

Governor Jia Zhijie gave a speech at the concluding meeting, saying: This year we must accomplish two tasks in our economic work: Rely on scientific and technological progress and improve the quality of the work force for economic development; and readjust the production setup to raise economic efficiency.

In carrying out enterprise reform this year, we must try to introduce a competition mechanism, regarding it as an important task. In implementing reform policies, we must encourage the advanced enterprises to make still greater success rather than protect those lagging behind.

A good leading body is fundamental to the success of an enterprise. We must resolutely remove from office those cadres who are not bold in carrying out reform and in exploring new ways. In particular, we must determinedly reorganize the leading bodies of backward enterprises by introducing a competition mechanism in light of different conditions to select the most competent cadres. [passage indistinct] We must vigorously carry out the experiment with the shareholding system, continue to enforce the enterprise law, resolutely and prudently allow superior enterprises to triumph over inferior ones, and [words indistinct]. We must resolve to attach equal importance to circulation and production this year, regarding it as a major task.

1. We should gradually organize marketing teams composed of staff and workers across the province.
2. We should include more enterprises of various types in our experiment with independent operations in four aspects.
3. We should develop our market by further expanding the market in rural areas.

The meeting was presided by Vice Governor Zhang Wule.

Provincial leaders attending the meeting were Gu Jinchu [provincial party committee secretary], Li Ziqi, Xu Feiqing, et al.

#### **Jia Zhijie Meets With Japanese Businessmen**

HK2501013692 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 19 Jan 92

[Text] Yesterday afternoon, Governor Jia Zhijie met with Mr. Ishikawa and Mr. Yamamoto, director and vice director of the Japan Kumagai Gumi Company Limited Overseas Department; (Yu Yanping), president of the Kumagai Hong Kong Company Limited; and other Kumagai personnel in Lanzhou's (Niuwuzhuang) Guesthouse. The meeting proceeded in a warm and friendly atmosphere. Governor Jia Zhijie said: On the happy day when the Pandaoling tunnel project, which was constructed by the Japan Kumagai Gumi Company Limited with the aim of diverting water from the Datong River to the Qinwangchuan wasteland, is completed, we are very happy to meet with you. After five years of effort, the Pandaoling tunnel is now fully connected. The Pandaoling tunnel is a symbol of the friendly Sino-Japanese relationship, and the people of Gansu will remember this tunnel forever. I believe that on the premise of stressing the friendly Sino-Japanese relationship, both sides will continue to properly complete the last phase of the task. Jia Zhijie also said: Gansu is in western China. Our country's economic strategy will begin to shift westwards, as can be seen from the completion of the Europe-Asia continental bridge project, in particular. In future, the prospects for our cooperation will be very wide and we look forward to cooperation in more projects.

Zhang Wule and Li Ping, vice governors; (Han Zhengqing), member of the provincial party committee Standing Committee and chief director of the headquarters for the diversion project; and persons in charge of relevant departments of the provincial government attended the meeting.

#### **Song Hanliang Addresses Regional Party Committee**

OW2301141292 Urumqi XINJIANG RIBAO in Chinese 8 Jan 92 pp 1-2

[“Excerpts” of speech by Song Hanliang at the second enlarged plenary session of the Fourth Autonomous Regional Party Committee on 24 December 1991; place not given]

[Text] Comrades:

The main purpose of the current (enlarged) plenary session is to relay the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee and particularly to study agriculture and work in rural areas in the region. Attendees of the session have thus far diligently studied the CPC Central Committee's “Decision on Further Strengthening Agriculture and the Work in Rural Areas” and Comrade Jiang Zemin's important speech at the Eighth Plenary Session, and examined and approved the regional party committee's “Decision on Strengthening Agriculture and Work in Rural Areas for Invigorating the Rural Economy in All Fields.” The session has proceeded smoothly.

The session attendees have obtained a thorough understanding of the guidelines of the Eighth Plenary Session and the CPC Central Committee's “decision” in light of the reality in Xinjiang, further recognized the important position and role of agriculture and rural work, summarized the achievements and experiences in rural development in Xinjiang in the 1980's, and defined the main tasks, principles, and policies for the 1990's. The current session will give a strong impetus to mobilizing party organizations at all levels and cadres and people of all nationalities in the region in striving to build, in unity and with a pioneering spirit, a new civilized and prosperous socialist countryside through achieving all-round progress in the rural economy, scaling new heights in agricultural and animal husbandry production, and bringing about changes in the outlook of the countryside.

Now, I would like to address several issues:

#### **I. Conscientiously Study and Comprehend the Guidelines of the Eighth Plenary Session for Better Understanding of the Important Position and Role of Agriculture and Work in Rural Areas**

The party Central Committee's “decision” has explicitly pointed out: “Agriculture is the foundation for economic development, social stability, and national independence, and peasants and problems in rural areas have

always been the fundamental issues of Chinese revolution and construction." This is the most advanced summation of the important position and role of agriculture and rural work. In view of the new situation, we should renew and deepen our understanding of agriculture and rural work.

Agriculture is the foundation of the national economy. Only when agriculture develops can the entire national economy advance. Reforms introduced to rural areas since the Third Plenary Session of the 11th CPC Central Committee have brought about big changes in Xinjiang's agricultural production. The output of grain, cotton, cooking oil, and livestock have all increased, easing the previous strains on supply of farm produce and providing rich raw materials for industrial development and many products for export. As a result, urban and rural markets have thrived and the people's living standards have been raised, thereby laying a solid foundation for the development of the regional economy. Bumper grain harvests for several consecutive years have particularly played a major role in promoting stability in Xinjiang. Despite the grain surplus, however, we are not generally prosperous. We should foster a strong awareness that agriculture is the foundation of the national economy and grain is the foundation of agriculture. We should always place agriculture in front of economic work and should under no circumstance slacken efforts at promoting grain production.

Developing the rural economy is the fundamental way to help peasants become prosperous. Without the prosperity of peasants, there will be no prosperity throughout the country. In helping peasants become prosperous, it is impractical to count on urban economic development and is relatively difficult to depend on agricultural development alone. The only solution is to invigorate the rural economy in all fields. We should develop both agricultural and nonagricultural projects and promote village and township industries for increasing per-unit yields, comprehensive efficiency, and added value of agriculture, thereby raising the peasants' income and helping them become prosperous. In developing the rural economy in all fields, we shall pay close attention to agricultural production and the second and tertiary industries focused on village and township enterprises in rural areas.

A comprehensive growth of agricultural production and the rural economy is an important guarantee for raising comprehensive economic strength. Since the implementation of the reform and opening policy, historic changes have taken place in agricultural production and the rural economy throughout the country. The most prominent of these changes is the sudden rise of village and township industries. Their output value already accounts for a considerable one-third of the nation's gross industrial production value. In some developed provinces and municipalities, village and township enterprises have contributed one-half or even two-thirds of the provincial or municipal industrial production value and become the mainstay of China's small- and medium-sized

industry. They will play a decisive role in building up China's comprehensive economic strength and realizing the goal of quadrupling the gross national product before the end of this century. Xinjiang made a relative late start in village and township enterprises. It has contributed a fairly small portion of the regional industrial output value. In the future, we should accelerate the development of village and township enterprises, and work hard to incorporate them into the overall economic planning so they can become an important component of the regional economy. Otherwise, it is impossible to build up Xinjiang's comprehensive economic strength.

The development and progress of rural areas are the foundations for social stability. Our Xinjiang region is located on the motherland's northwestern frontier and has long borders. It is also a multinational region. More than 80 percent of the region's total population is in rural and pastoral areas. Promoting the development and progress of rural areas has a direct bearing on national unity, the consolidation of border defense and social stability. Particularly at a time when there is a sudden change in the international situation, it is of special significance. To carry out development and progress in rural areas, we should undertake the fundamentals: do a good job in grasping agricultural production and rural work and develop the rural economy.

We should repeatedly study the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee to continuously deepen our understanding of the important position and role of agriculture and rural work and further strengthen our consciousness of grasping agriculture and rural work.

## **II. Grasp the Key Points To Implement the Guidelines of the Eighth Plenary Session of the 13th CPC Central Committee**

The party Central Committee's "decision" is a programmatic document that guides China's agriculture and rural work and that must be seriously implemented by party committees at all levels by integrating it with local reality and grasping the key points.

### **1. Stabilize and Perfect the Party's Basic Rural Policy; Continue To Deepen Rural Reform**

To carry out rural reform, we should uphold the orientation and key points pointed out by the party Central Committee, continue to stabilize the responsibility system with the household contract linking output to payment as the main form, continuously improve the dual management system that combines household with collective operations, actively develop the socialized service system, boost the strength of the collective economy, and lead peasants to take the road to common prosperity.

The responsibility system with the household contract linking output to payment as the main form and many other basic policies adopted since the Third Plenary Session of the 11th CPC Central Committee must be



maintained on a long-term basis without being changed. We must continuously improve these basic policies by integrating them with Xinjiang's actual situation.

The peasant households' contract management is a tier of the rural collective economy and is a component part of the collective economy. It is not sharing out farmland and engaging in individual farming. It conforms to socialist orientation and the productive forces' standard of development and is in keeping with peasants' and herdsmen's aspirations. We must keep it stable, uphold it on a long-term basis, and let peasants and herdsmen feel at ease.

On the basis of the stabilizing household contract responsibility system linking output to payment, we should improve the two-tier management system that combines household with collective operations. The two-tier management system not only upholds the public ownership and the necessary united operations of land and other basic means of production, but also gives peasant households the power to act on their own concerning production and management, thus integrating the enthusiasm for household operations with the superiority of collective operations. The unified operations tier in most of Xinjiang's rural and pastoral areas currently is weak. Therefore, the focal point in improving the dual management system that combines household with collective operations is to bring the role of collective unified operations into full play.

Developing socialized agricultural services as a system is the emphasis of the present deepening of rural reform in the region. It is needed not only for improving the two-tier management system but also for stabilizing the household contract responsibility system with remuneration linked to output and for strengthening the collective economy. Collective economic organizations in the rural area are the foundation of socialized agricultural services. Socialized services in most of our villages serve mainly the "five unifications" in agricultural and livestock production. In spite of their local characteristics and high adaptability, they lack balanced development; services in southern Xinjiang are better than those in northern Xinjiang. Even the well-operated ones are largely limited to serving only production. After improving the "five unifications," it is necessary to continue to enrich these services to entirely cover the preproduction, production, and post-production stages and to reach into the circulation field. All localities should proceed from actual conditions to begin with services most urgently needed in agricultural and livestock production. We should overcome the notion that economic strength is a prerequisite for providing services. As there are high-level and low-level services, we should enthusiastically create conditions for the gradual improvement of services from a low to a high level and their gradual enrichment from a small to a large variety.

The strengthening of the collective economy provides a material foundation for improving the two-tier management system and strengthening the functions of the

services. It is also the basic way to strengthen collective cohesion, promote common prosperity, and consolidate the position of socialism in the countryside. In developing the collective economy, we should be enthusiastic and yet not overanxious for quick results. In developing and strengthening the collective economy, we should mainly count on production development and our own accumulations to utilize resources for developmental production, set up collective enterprises, and organize and operate service projects based on reasonable charges. On no account should household operations be weakened or hurt for the sake of strengthening the collective economy. Whenever the issue of strengthening the collective economy is raised, some rural cadres currently tend to think about taking measures that are not in the interest of the peasants and herdsmen; they suggest that some of the contracted lands and livestock be taken back and put under collective operations. This would give rise to unnecessary worries among the peasants and herdsmen. We must pay attention to this and promptly solve any problems of this sort that already exist.

The deepening of the reform of the circulation system is an urgent problem for which the vast number of peasants and herdsmen have strongly demanded a solution. It is also the key to further developing the rural commodity economy. We should accelerate the reform of the circulation system and introduce more distribution channels while strengthening the vitality of the operations of state-run cooperative commercial units. We should concurrently take further steps to encourage the peasants and herdsmen to join the circulation sector under our guidance and to vigorously develop organizations merging the functions of production, supply, and marketing. Except for a small number of important state-designated produce and livestock under unified and partially unified procurement and management by the state, all agricultural products should be decontrolled and subject to market regulation. Under the precondition of ensuring fulfillment of state-assigned procurement tasks, it is necessary to liberalize the production and dealing of grains throughout the year.

## **2. Continue To Readjust Production Patterns in the Rural Area and Comprehensively Develop the Rural Economy**

In the 1980's, we concentrated our major efforts on developing agriculture to attain the first-step strategic objective by solving the problem of feeding and clothing the peasants and herdsmen. Our strategic objective in the 1990's is to upgrade their living standard to a state of leading a fairly comfortable life. Our region currently ranks among the front-runners in the country in terms of per capita share of grains, cotton, oil-bearing crops, sugar crops, melons, and fruits. Nevertheless, the per capita income of our peasants and herdsmen is lower than the national average, our collective economy is very weak, and our counties are facing monetary shortages. The main reasons are the underutilization of the present agricultural resources and the slow development of the

second and tertiary industries, which are dominated by village and town enterprises, in the countryside. In 1990, our village and town enterprises contributed 15 percent of the total output of the rural area, which was 45 percentage points lower than the national average. Their industrial output value only accounted for 7.26 percent of the regional total industrial output, which was 22.74 percentage points lower than the national average. Now we have only two ways out: One is to give play to our superiority in resources and continue to accelerate agricultural development; the other is to vigorously develop nonagricultural industry after attaining stable agricultural growth. Both have great potential.

It is essential to insure a steady growth in grain production and concurrently vigorously develop economic crops. Without a steady growth in grain production, we cannot successfully develop the production of economic crops and achieve comprehensive progress in agricultural production and invigorating the rural economy. While making adjustments in planting various crops, we should attach importance to ensuring the acreage of farmland for grain production and raising unit yields to increase the total output of grain crops. On the basis of having more than enough grain for use in this region, we should vigorously promote the production of cotton and other economic crops in line with local conditions. We should strive to improve the quality and ensure high yields of crops and increase efficiency and economic results. We should expand ways for agricultural development. We should continue to raise the quality of those profitable crops. Meanwhile, various localities, according to their own advantageous position, should develop the production of other profitable commodities, including the cocoons, fruits and melon, spice, tobacco, and Chinese medicinal herbs.

We should vigorously develop animal husbandry, forestry, side occupations, and fishery and help them develop independently in rural areas. We should change the tendency of a decreasing proportion of animal husbandry, forestry, side occupations, and fishery in the total output value of agricultural production. We should increase labor productivity in agricultural production, including intensive farming. We should develop and use new natural resources, advocate an optimum scale in crop planting and livestock production, develop a garden economy (ting yuan jing ji 1656 0954 4842 3444), and promote the intensive use of labor and technology. We should fully use various agricultural resources and raise comprehensive economic results.

In developing the rural economy, we should not only work hard in agricultural production but also try to promote nonagricultural projects. We should vigorously develop secondary and tertiary industries with village and town enterprises as the main bodies. We are currently facing both good opportunities and difficulties in developing village and town enterprises. On the one hand, the completion of the Asian-European continental bridge, the large-scale development of petroleum production, and the state's policy of stressing western

regions of the country have provided an excellent opportunity for our development. The commodity rate of agricultural and livestock products in this region currently has already exceeded 60 percent. During the "Seventh Five-Year Plan" period, a great number of new mineral resources were discovered in this region. The implementation of the "Sparks program" throughout the country has provided a lot of scientific and technological findings for the development of village and town enterprises. The development of village and town enterprises in the countryside has in turn provided experiences for this region. The fast pace in opening up to the outside world and the expansion of domestic and foreign markets plus the regional policy of "developing trade to invigorate the border areas, promoting cotton production, and tapping mineral resources" have all created a favorable environment and conditions for the development of this region's village and town enterprises. On the other hand, this region's oasis economy (lu zhou jing ji 4845 3166 4842 3444) is scattered in various places. This region has a long communications line with a closed environment. Markets are small and ill informed. Funds, capable people, and technologies are all inadequate. Infrastructure facilities and various services are relatively poor. All those factors limit the development of this region's village and town enterprises. Therefore, we must grasp this historical opportunity, make full use of advantageous conditions, overcome unfavorable factors, emphasize our strong points and avoid our shortcomings, and advance with a pioneering spirit. We must not lose this rare opportunity.

We should gear the development of village and town enterprises to the need of markets. Development must also rely on agricultural and livestock products, cities and towns, and large industrial enterprises. In areas with good conditions, we should develop primary processing industries, develop enterprises to produce parts and accessories, develop processing of sideline products of major industrial enterprises, and make comprehensive use of them. In the overwhelming rural and pastoral areas, we must still emphasize the development of resource-type industries and the processing of resources, especially the processing of agricultural and sideline products by village and town enterprises. Regarding the small number of townships and villages with weak infrastructures and poor conditions, they still must start from promoting "the planting of crops, breeding of livestock, and processing of their products." When those places have trained people, acquired technologies, and experiences, they can start to develop other industries. This is a relatively safe and proper road for development by those areas.

### 3. Make Use of Modern Technology To Invigorate the Rural Economy in All Sectors

The key for Xinjiang to raise its agricultural production to a new level in the 1990's lies in modernizing our farming technology and popularizing the application of practical technologies. Application of advanced agrotechnology not only can efficiently transform our



resources into economic benefits, but can also improve effectiveness in using materials. Therefore, we must shift the focus of agricultural development to making use of modern technology and to improving the quality of peasants and herdsmen.

This year, the regional CPC committee has formulated a strategy for invigorating Xinjiang by promoting science and technology and set forth the objectives, basic tasks, and major work of vitalizing agriculture by modernizing farming technology. All localities should faithfully carry out these strategies, tasks, and work.

In recent years, Xinjiang has achieved good results in popularizing farming technology, which has made important contributions to enabling us to successively reap bumper agricultural harvests for a few years. We have also gained useful experience in popularizing farming technology. We should further improve work in vitalizing agriculture by modernizing farming technology. We should widely promote the use of conventional supportive technologies that have been proved effective; establish county-, township-, and village-level farming technology promotion networks, and strive to improve these networks; cultivate exemplary farming technology households; establish exemplary agricultural development villages; and make constant efforts to expand the application of scientific and technological results. At the same time, we should speed up the development and introduction of high and new technologies; conduct various forms of training in practical technologies; raise the scientific and cultural levels of peasants and herdsmen, especially educated young people working in rural areas; and establish a rural area-based backbone technical force. In addition to gradually promoting compulsory secondary education in rural areas, we should endeavor to develop various kinds of vocational education in rural and pastoral areas. Scientific research units should gear their work to agricultural production, focus on the study of basic and practical problems, strive to integrate their work with promotion of farming technology, coordinate relevant units' efforts to tackle major technical problems, and strive to turn out more new research results, so that they can make greater contributions to vitalizing Xinjiang's rural economy.

#### **4. Increase Investment To Enhance Overall Agricultural Production Capability**

Irrigation projects not only are the lifeline of agriculture, but also of the entire economy. To develop its agriculture and rural economy, Xinjiang must regard the building of water conservancy projects as a basic task and press ahead with work in this field. In building water conservancy projects, we should have an overall planning, adopt various approaches to carry out work, and simultaneously pay attention to increasing water supply and economizing on the use of water, with emphasis placed on the latter. During the Eighth Five-Year Plan period, we should complete the Tarim River Irrigation and Draining Project, the "2817" Project, and other key

projects. In addition, we should build a number of backbone water conservancy projects that have good controlling ability, that will benefit a large area, and that have good overall economic results. We should also ensure that work to prevent water leakage in farming areas is properly done and that sufficient irrigation projects are built in pastoral areas in order to fundamentally improve Xinjiang's environment of agricultural production.

Building capital farming projects is a fundamental measure for laying a good foundation for agricultural development. We should continue to promote the "five goods" in rural areas and, following the guidelines for building new socialist rural areas, continue to upgrade and enrich the "five goods." Medium- and low-yield farmlands account for about two-thirds of Xinjiang's cultivated land. Therefore, we should regard improving medium- and low-yield farmlands as a strategic task of our comprehensive agricultural development program for the 1990's. By improving these farmlands, we should raise medium-yield farmland's production level to that of high-yield farmland, and low-yield farmland's level to that of medium-yield farmland. In addition, we should organize work to tap water and land resources. We should focus on developing extended areas, make good planning and design for development work, and ensure that each developed area will pay off economically.

According to market demands, we should build in a planned manner a number of good-quality and high-yield bases for the production of grain, cotton, sugar crops, vegetables, and animal products.

It is necessary for us to raise funds through various channels and establish an investment system that combines the state, collectives, and individual peasants to increase input into agriculture. The input from the state and the autonomous region will be used mainly on construction of large- and medium-sized key water conservancy projects, comprehensive agricultural development zones, and commodity bases, while the input from the collectives and individuals will be used mainly on construction of a seepage and leakage prevention system designed to support the network of canals and ditches in the irrigation areas. As peasants are the main source from which we derive our input, it is necessary that we depend on their accumulation of labor to gradually change the conditions for production. Meanwhile, we are going to actively offer even more preferential conditions for the introduction of funds from other fraternal provinces, municipalities, and autonomous regions and from abroad.

#### **5. Strengthen the Building of Socialist Spiritual Civilization and Democracy and Law Systems in Rural Areas**

The overall objective of our rural work in the next decade is enabling our people to lead a fairly comfortable life, which includes both materialistic and spiritual needs. Therefore, in carrying out our rural work, we must



persist in paying equal attention to the building of the two civilizations and having them promote each other to achieve coordinated development so we may bring about comprehensive advances. The fundamental objective of our drive to build spiritual civilization in rural areas is to raise a new type of peasant with lofty ideals, moral integrity, a good general education, and a sense of discipline.

We must continue to do a good job of conducting education in socialist ideology in rural areas. Beginning this year, according to the overall scheme that requires work to be carried out in one-third of the rural areas in our region in one year, we are going to spend three years concentrating our efforts on conducting widespread, deep-reaching education in socialist ideology in all rural and pastoral areas throughout the region. The party committees at all levels must strengthen their leadership over the work of conducting education in socialist ideology in rural areas. They must meet the three requirements of the work: maintaining standards, guaranteeing quality, stressing practical results, and preventing perfunctoriness. After we have completed the work of concentrating efforts on education in socialist ideology in rural areas, we must do a good job of conducting ideological and political work on a regular basis and strengthen the building of socialist spiritual civilization to educate peasants and herdsmen and enable them to conscientiously resist corrosion by the survivors of feudalism and the decadent ideology of the capitalist class; get rid of feudal superstitions, outmoded conventions, and bad customs; and foster a prevailing new socialist custom.

It is necessary for us to work successfully in promoting the development of a supportive township-level party organization with the township party committee as the nucleus and the development of a supportive village-level party organization with the party branch as the nucleus, give full play to the role of the primary organization of the party as the leading nucleus and a fighting bastion, lead the broad masses of peasants and herdsmen to implement the party's basic line and the guidelines laid down by the party's Eighth Plenary Session, and thereby promote rural reform and promote economic development in rural areas.

It is necessary that we unrelentingly try to work successfully in maintaining stability. In the face of rapidly changing international situations and the plot hatched by hostile forces to bring about "peaceful evolution," we must closely watch the enemy situation and the social situation and remove various hidden perils by nipping them in the bud. It is necessary to conduct in-depth education among peasants and herdsmen in national unity and opposition against national splittism. We must strengthen control over religion and put religious activities on the course of a law system [as heard]. It is necessary that we conscientiously increase the efforts to take comprehensive measures to maintain public order, adhere to the policy of integrating specialized work with the mass line, and arouse the masses and rely on them to

carry out the work of taking comprehensive measures to maintain public order. We must take resolute measures, deal swift and harsh blows to serious criminal activities according to law, and create a political and social environment favorable for our endeavor to promote rural reform and economic development in rural areas.

### III. Strengthen Leadership and Vigorously Implement the 'Decision' of the CPC Central Committee

During the discussion, all agreed that the "Decision" of the CPC Central Committee is a program of action and that the decision of the autonomous regional CPC committee has taken local conditions into consideration, but they had doubts on the implementation of the "Decision." Their concern is well-founded; we did formulate good policies and measures in the past, but some of them were not implemented well. Therefore, we must summarize past experiences, implement the guidelines set forth at the current meeting, strengthen leadership in a down-to-earth manner, rely on the masses, work hard, and vigorously implement the "Decision." All levels of party and government organs should give priority to relaying, studying, spreading, and implementing the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee. All levels of leading cadres should earnestly study well the "Decision" of the Eighth Plenary Session of the 13th CPC Central Committee and Comrade Jiang Zemin's speech and understand well the spirit and essence of the central document. We should recognize the importance of agricultural and rural work. It is necessary to deepen rural reform, comprehensively enhance agricultural production capability, strengthen the building of socialist spiritual civilization and the legal system in rural areas, and enhance the party's leadership over agriculture and rural work. Steps should be taken to familiarize the masses with the guidelines set forth at the Eighth Plenary Session of the 13th CPC Central Committee and the guidelines laid down at the second enlarged plenary session of the Fourth Autonomous Regional CPC Committee. Radio, television stations, and newspapers in particular should increase publicity of the Eighth Plenary Session of the 13th CPC Central Committee and the current regional party committee session. It is necessary to use the guidelines set forth at the Eighth Plenary Session of the 13th CPC Central Committee to unify the thinking of all cadres and the masses and have them voluntarily act according to the guidelines.

On the basis of unifying thinking and raising understanding, localities should act according to the guidelines of the "Decision" of the CPC Central Committee and the "Decision" of the autonomous regional CPC Committee, take local conditions into consideration, map out ways to become prosperous, and formulate plans to invigorate agriculture and the rural economy and measures to implement them.

Counties and cities in particular should formulate specific implementation plans. In addition to formulating measures on increasing grain production and developing

comprehensive farming, it is necessary to map out plans to develop rural enterprises and promote secondary and tertiary industries. Formulating ways to become prosperous and a set of implementable plans to comprehensively develop the rural economy depends not only on thorough understanding of the guidelines set forth in the central and autonomous regional documents and on familiarity with local conditions, but also on the emancipation of minds and on conceptual changes. Our region's rural economy is presently undergoing a transitional stage; the rural economy is evolving from a product economy into a commodity economy. The development of agriculture has gone beyond traditional farming and the natural economy. The development of rural enterprises and the rise of secondary and tertiary industries have transformed the rural economy, agriculture, and rural areas. The development of the rural economy has brought forth market regulatory mechanisms. Reform and opening have also brought great changes to the external environment of the rural economy. The farming for farming's sake and production for production's sake of the past and the traditional ways of operating the farm have become outmoded. Cadres who are involved in rural work, particularly leading cadres, must constantly acquire new knowledge, enhance their awareness for reform and opening, and greatly change their ways of thinking. They must know that agriculture is the foundation of the nation, must cherish the idea of developing large-scale farming, must emphasize efficient farming, and must promote a commodity economy. They must also get rid of the mentality of a small farmer who becomes complacent after accumulating a small amount of wealth; instead they must have the ambition of embarking on a grand enterprise. In addition, they must fully mobilize the masses, rely on them, and follow the mass line. Tremendous creativity can be found among the masses; we should draw our strength from them. We must publicize our plans and mobilize the masses to discuss them. By so doing, we can not only pool the wisdom of the masses but also unify the masses' thinking and involve them with our undertaking. The involvement of the masses will give great impetus to the development of agriculture and promote rural work.

Promoting agricultural and economic development in rural areas is the responsibility of not only the agriculture and rural work departments but also all trades and professions. It is necessary for all trades and professions and all departments concerned to gear their efforts to meeting the needs of rural areas and formulate supportive measures for promoting agricultural and economic development in rural areas in accordance with the resolution adopted by the autonomous regional party committee. Though the autonomous regional party committee and documents issued by the Autonomous Regional People's Government, some trades, professions, and departments did not put forward their own views and proposals for implementation, some of them even issued documents contrary to those issued by the autonomous regional party committee and the autonomous regional government. Such a phenomenon

occurred several times in the past. The phenomenon of having various different policies adopted by various departments seriously affected implementation of the policies decided by the party. After this meeting, all departments involved with economic planning, finances, banking, commerce, supply and marketing cooperatives, commodity prices, science and technology, and education are required to work hard to succeed in carrying out supportive reform and make their due contributions to promoting economic development in rural areas.

The party committees at all levels must tenaciously implement the guidelines laid down by the Eighth Plenary Session and the second (enlarged) plenary session of the Fourth Autonomous Regional Party Committee and get right on the job in a down-to-earth manner. It is necessary for all areas and all departments to properly choose their major tasks and the breaches to be tackled and carry out sound, practical work for a number of years until they have produced some results. The leading cadres at all levels must focus their work on the grassroots units and frequently go deep into the realities of life to supervise, inspect, and provide classified guidance for various tasks handled by various areas and departments. It is necessary for them to help the grassroots units by giving them ideas and devising ways for them to solve difficulties, remove worries, and create conditions. In the future, whenever a link encounters an obstruction, we will clear it up, and whenever a problem crops up in an area or department, we will be there to solve it. It is necessary for cadres at all levels, particularly the leading cadres, to have the spirit of getting right on the job, do their utmost, and be determined not to stop until they have produced some results. A good number of leading cadres are very enterprising. They demonstrate readiness and keen enthusiasm for handling their projects by going right to the front line, working hard, and not becoming upset by criticism. They are determined to produce some results once they begin handling a task. We hope the leading cadres at all levels will exert themselves, always try to get ahead, work hard in a down-to-earth manner, and set themselves as an example for the vast numbers of cadres and the masses to follow.

Rural work is very specific, very complicated, and, particularly under the condition of the commodity economy, greatly different from the situation in the past. It is necessary for the principal responsible comrades of the party and governments to frequently go down to the grassroots units to appreciate the situation, listen to the views and demands of cadres and the masses at the grassroots units with an open mind, and enhance their foresight and readiness to take the initiative in handling their work. They must work hard to improve their ability to handle complicated problems and have the situation as a whole well in hand. In their work, they must be good at grasping typical cases, analyzing new experiences, and spreading their application elsewhere in good time. The party and government office workers must assiduously perform their duties to serve the people and be honest in the performance of their official duties. The tasks for the



leading cadres at the grassroots units are to survey, to study, to inspect, and to provide work. They are not allowed to take advantage of the opportunity offered by such an occasion to relax or travel from place to place enjoying the beauties of nature. Least of all are they permitted to cause inconveniences or troubles that should not happen to their subordinates. In the future, whenever leading cadres go on an official trip to any area, there will be no welcoming ceremony for their arrival, no seeing them off at their departure, no dances, and absolutely no sumptuous banquets. The masses currently are strongly complaining about a resurgence of the trend of spending public funds on banquets, gifts, and wasteful extravagances. The party and government cadres at all levels must take the lead at being a model of honesty in performing official duties, resolutely get rid of those corrupt common practices, and win the confidence of the people by their new work style, which upholds honesty in performing official duties.

#### **IV. Grasp Agricultural and Livestock Production This Winter and Next Spring, Lay Down a Good Foundation for Reaping Bumper Harvests in Agricultural and Livestock Production Next Year**

The situation in the rural areas of the autonomous region was very good in 1991. Party committees and governments at various levels have conscientiously implemented the party's basic line and various principles and policies, surmounted the influence of upheavals in the international situation and of drastic changes in the Soviet Union, overcome difficulties caused by serious droughts rarely seen in history and other natural disasters, relied on science and technology to foster agriculture, firmly grasped the comprehensive development of agriculture, and raised production in all fields. As a result, this region reaped bumper harvests in agricultural and livestock production for 14 years in succession. According to an initial estimation, the total grain output was about the same as that of 1990, a year of an extremely good harvest. The total output of cotton was 600,000 tonnes, 13.12 percent more than the previous year. The total output of sugarbeet was 2,547,700 tonnes, increasing 13.6 percent. Both unit and total yields of economic crops registered a significant increase. The number of livestock raised and sold, the commodity rate, the total output value of village and town enterprises, and the total agricultural output value all greatly increased. The average annual income of peasants and herdsmen is estimated at 670 yuan, 47.5 yuan more than 1990.

Whether we can continue to reap bumper harvests and increase production in 1992 or not depends on successfully grasping agricultural and livestock production this winter and next spring.

1. It is essential to properly adjust and implement agricultural and livestock production plans for 1992. In adjusting the production plan, we should follow the principle of ensuring the planting of grain crops, increasing cotton production, and controlling the

planting of oil-bearing crops. We should appropriately reduce some farmland acreage for grain and oil-bearing crops and increase the farmland acreage sown for cotton, sugarbeet, and other cash crops. In 1992, farmland sown for grain crops should be reduced by 500,000 mu, and oil-bearing crops should also be reduced by 500,000 mu. The general plans for agricultural and livestock production are as follows:

The total farmland acreage for producing grain crops should be maintained at 26.5 million mu and total grain output should reach 6.8 million tonnes, increasing 8.3 percent over the previous year. The total farmland acreage for producing oil-bearing crops should be set at 3.5 million mu with a total output of 320,000 tonnes. The total farmland acreage for producing sugarbeet should be set at 1.2 million mu with a total output of 2.4 million tonnes. The total number of livestock raised at the end of the year should reach 36 million head, increasing 1.4 percent. The total output value of village and town enterprises should reach 3.44 billion yuan, increasing 13.57 percent. The total agricultural output value should reach 17.2 billion yuan, increasing 4.2 percent. The average income of peasants and herdsmen should reach 720 yuan.

After the adjustment, we should follow the policy of "ensuring the area of land for grain production, stressing the increase in unit yield, and striving to increase the total output," and ensure that grain crops are fully and properly planted. Various prefectures, counties, regiments, and farms of the Production-Construction Corps should all fulfill the grain-planting task. If the winter planting is not enough, we should plant more grain crops in the spring. Southern and eastern Xinjiang should raise the multiple-crop index. Social education work teams should consider the implementation of agricultural and livestock production plans in 1992 as one of their tasks, seriously supervise and inspect the planting work, and help various counties implement production plans down to townships, villages, and peasant households and to every plot of farmland. In promoting production of grain and economic crops, we should all stress raising unit and total yield and increasing economic results.

2. We should ensure that preparations for ploughing, sowing, and other agricultural production work are properly carried out. Party and government leaders at all levels should ensure that work begins early and is done meticulously and in a down-to-earth manner. They should ensure that work in the following five areas is properly done: 1) Seeds needed for sowing should be secured beforehand, and all seeds should be of good strains. 2) Agricultural production supplies must be ensured so farming work will not be delayed. 3) Farm machinery and implements must be properly maintained. 4) Motor-pumping wells must be properly maintained, and electric power supply for agricultural production must be ensured. All localities should repair their motor-pumping wells during this winter so more wells can be used for spring farming irrigation. Electric power departments should formulate plans for supplying power



for agricultural production use, priority being given to spring farming. 5) Funds for agricultural production should be secured beforehand. Finance departments should set agricultural credit plans at an earlier date, give preferential treatment to agricultural production, and do their best to increase credit for agricultural production. They should strive to raise sufficient funds to ensure spring farming needs. Insurance companies at all levels should focus their work on agricultural production and ensure good insurance work in rural areas. Party and government organs at all levels and all departments concerned should ensure that preparations for ploughing, sowing, and other agricultural production work are properly carried out and that the first strike in this coming spring's agricultural and animal husbandry production work will be a successful one.

3. We should bear in mind the guiding principle of preparing ourselves to fight possible disasters to ensure bumper agricultural harvests. Drought has always been a disaster threatening Xinjiang's agricultural and animal husbandry production. Following the major drought last spring and summer, droughts beginning in late fall and early winter have become increasingly serious. According to weather forecasts, next year will be another dry year. Therefore, all localities should prepare to fight droughts and flooding and prevent the spread of plant diseases and insect pests, so they can put themselves in a favorable position for reaping bumper agricultural harvests. All localities also should mobilize the masses to

invest more funds and labor in building capital water conservancy projects during the current slack farming season, do a good job in leveling land and constructing supporting irrigation projects, and promote water-conservation technology. We should be well prepared to fight possible disasters this winter and next spring to protect our livestock. Whether we can increase production in the animal husbandry industry depends on how livestock are fed this winter and next spring, on how delivering and nurturing lambs is carried out, and on how efficiently we switch from one pastoral land to another next spring. All localities should attach great importance to and do their best to carry out established measures to ensure bumper harvests in agriculture and the animal husbandry industry.

Comrades, our meeting is a very successful one and a very good document has been drawn up. The important thing now is to implement this document. Under the guidance of the party's basic line, party committees at all levels should lead people of all nationalities to faithfully carry out the guidelines set by the Eighth Plenary Session of the 13th CPC Central Committee and the second plenary (expanded) session of the Fourth Xinjiang Regional CPC Committee, concentrate their efforts on creating a new situation for Xinjiang's agricultural and rural work, consolidate and develop Xinjiang's good situation of stability and unity, and greet the party's 14th national congress with their deeds.

**Li Teng-hui Meets South Korean Envoy 28 Jan**  
*OW2801081092 Taipei CNA in English 0756 GMT  
28 Jan 92*

[Text] Taipei, Jan. 28 (CNA)—President Li Teng-hui met with Kim Chong-in, economic adviser to South Korean President No Tae-u, Tuesday morning. The meeting lasted over one hour and a half.

Monday evening, Kim held an hour-long talk with Foreign Minister Chien Fu to discuss the further development of bilateral ties.

Neither Kim nor S.C. Chin, ROC [Republic of China] ambassador to Korea who was present during the meeting, would disclose the contents of the talk.

Chien later hosted a dinner party in honor of Kim. Several business leaders, including Kuo Chen-fu, Chang Kuo-an and Hsu Sheng-fa, were invited to the dinner.

Government sources said one of the main purposes of Kim's visit was to win construction projects in the six-year National Development Plan.

Officials said Korean bids for contracts on the ROC's huge infrastructure projects will not be rejected, although reports of its attempts to set up official ties with Peking [Beijing] have frustrated Taipei.

Kim will play golf with Chien on Jan. 29 and will leave that afternoon.

**Economics Minister Departs for U.S. Visit**  
*OW2701083592 Taipei CNA in English 0759 GMT  
27 Jan 92*

[Text] Taipei, Jan. 27 (CNA)—Economics Minister Hsiao Wan-chang left here Sunday for the United States for a brief visit.

Hsiao will first travel to New York to attend a seminar sponsored by the Asian Society, then will proceed to Washington to attend President Bush's National Prayers Breakfast.

Hsiao said that he will take the opportunity to introduce U.S. businessmen to Taiwan's market potential and to encourage them to form multi-national groups in Taiwan to make inroads into Asian and Pacific markets.

**Manglapus: Philippines Favors Admission to GATT**  
*OW2701174892 Taipei CNA in English 1519 GMT  
27 Jan 92*

[Text] Singapore, Jan. 27 (CNA)—Philippine Foreign Secretary Raul Manglapus said here Monday that his nation favors the entry of the Republic of China [ROC] into the general agreement on Tariffs and Trade (GATT).

"The position of the Philippines is that we favor the entry (into GATT) of both China and Taiwan as a customs [word indistinct] he said.

Manglapus was responding to a question after attending the opening ceremony of the fourth summit of the Association of Southeast Asian Nations (ASEAN) Monday.

On news that the Philippines may encourage other ASEAN countries to adopt common position that Taipei's admission into GATT should be separated from that of Peking, he said the issue was not discussed in the pre-summit meetings of either senior officials or ministers.

He added that he didn't know whether Philippine President Corazon Aquino would raise the issue in the summit meetings Monday and Tuesday.

Red China insists that it be admitted into GATT ahead of the Republic of China on Taiwan, which formally applied to join the Geneva-based world trade treaty [word indistinct].

**Increased Competition With Mainland Predicted**

*OW2801103892 Taipei Voice of Free China  
in English 0200 GMT 28 Jan 92*

[From the "News and Commentary" program]

[Text] Foreign Ministry officials said competition between Taipei and Peking to gain points in the international community will increase in the next two years, the Taipei daily CHINA TIMES EXPRESS reported on Monday [27 January].

As Communist Chinese Premier Li Peng winds up his six-nations tour of Western Europe and heads for the United Nations in New York to participate in the meeting of the UN Security Council, it is unclear whether Li Peng will meet with the U.S. President George Bush, Foreign Ministry officials commented.

However, they pointed out: In the two years since Peking's crushing of pro-democracy protesters in Tiananmen Square, intense foreign trips marked the high point in Peking's diplomatic activities. Since 1989 Tiananmen massacre, Peking's Foreign Minister Qian Qichen [Qian Qichen] had coordinated over 30 visits abroad by Peking leaders to nearly 70 Asian and Western nations. At the same time, former Japanese Prime Minister Toshiki Kaifu, British Prime Minister John Major, and the U.S. Secretary of State James Baker III have all made a diplomatic visit to Peking since June 1989.

The Foreign Ministry officials further noted that the strategic importance of Peking to Washington has decreased since the disintegration of the Soviet Union. As a result, Washington has been able to deal more directly with its long-standing problems with Peking, such as human rights, intellectual property rights, trade barriers, and arms sales.

**Minister on 'Obstacle' to 'Common Economic Sphere'**  
*OW2701085292 Taipei CNA in English 0748 GMT*  
27 Jan 92

[Text] Taipei, Jan. 27 (CNA)—Peking's hostility toward Taiwan is the thorniest obstacle to the formation of a "Greater China Common Economic Sphere," Economic Affairs Minister Hsiao Wan-chang said over the weekend.

Hsiao's remarks came upon the return of a Taipei delegation from a Hong Kong seminar which discussed economic integration among Taiwan, Hong Kong and the southeastern provinces of Mainland China.

"The idea of integrating the three Chinese economies is good, but it is neither practical nor feasible at the moment," Hsiao observed.

For one thing, Hsiao said, Peking has not renounced the threat or the use of force against Taiwan and has never hidden its intention to block Taipei's presence in the international arena.

Given this background, the minister asked "how can we talk about the formation of a greater China economic community?"

With Taiwan and Hong Kong capital and technology plus mainland Chinese natural resources and low-cost labor, Hsiao agreed the three economies could form a powerful trade bloc comparable to the European Community and the burgeoning North America free trade area.

But Hsiao stressed that economic integration among the three Chinese communities is only a long-term goal for now.

Hsiao added that despite repeated communist calls for direct cross-Straits exchanges, the government will insist on its "indirect" trade policy and will continue to promote cross-Straits relations in accordance with the national unification guidelines adopted last year.

A local economist pointed out that Peking has been promoting the formation of a "Greater China Common Economic Sphere" in an attempt to unify China under its own terms.

"The proposal, however, is not necessarily in Taiwan's interest for the moment," the economist remarked.

"If we joined Mainland China to form such an economic grouping," he explained, "our trade and economic ties with other countries would certainly be affected."

"Over the long run," the economist warned, "Taiwan would only become increasingly reliant on mainland markets."

"Since Peking remains hostile to us, over dependence on the Mainland will threaten our security and economic well-being," the economist stressed.

He noted that Taiwan, with limited natural resources and a small domestic market, must adopt a global perspective and strategy in developing its economy and must not confine itself to a small regional trade bloc.

Professor Wu An-chia of National Chengchi University, who attended the Hong Kong seminar last week, said that there is still a long way to go for the Chinese in the three areas to form a common economic community.

Unless Peking recognizes Taipei as an independent political entity and treats it on an equal basis, the international affairs expert concluded that there will be no way for close economic cooperation between the two sides of the Taiwan Straits, not to mention the formation of a common economic sphere.

Even mainland scholars present at the seminar admitted that political problems are the greatest hinderance to the much-talked-about economic integration of the three Chinese economies, Wu reported.

**Fair Trade Commission Inaugurated; Chairman Named**  
*OW2701090492 Taipei CNA in English 0804 GMT*  
27 Jan 92

[Text] Taipei, Jan. 27 (CNA)—The Fair Trade Commission of the Executive Yuan is inaugurated Monday to better protect the legitimate rights of consumers and to promote free trade through free competition.

Wang Chi-kang, who was sworn in Monday as chairman of the nine-member organization, said the commission will begin to implement the newly-enacted Free Trade Law on Feb. 4. The main purpose of the law is to prevent the monopoly of market and united control of prices so that the economy may prosper through free competition.

The ultimate goal of the law is to promote economic stability and prosperity. The commission will implement the law so that economic activities may proceed in a more orderly manner in this country, he added.

**Economy Showed 'Steady Growth' in December**  
*OW2801082992 Taipei CNA in English 0803 GMT*  
28 Jan 92

[Text] Taipei, Jan. 28 (CNA)—The Taiwan economy remained on a path of steady growth in December 1991, the Council for Economic Planning and Development (CEPD) reported Monday.

The cabinet-level council gave a safe "green light" rating to December's economic performance, the eighth consecutive month that the local economy has registered a steady advance.



The index of leading economic indicators that the CEPD uses to gauge the country's economic well-being in the months ahead stood at 110.46 last December, up 1.56 percent from the same month of 1990.

The index of coincident economic indicators, which monitor the country's economic health during the month, stood at 134.35 last December, up 2.28 percent from December 1990.

The two indices showed that the local economy remained vibrant last month and the upswing will continue at least in the next few months, CEPD officials said.

Ratings for five of the nine indicators that the CEPD constantly monitors remained about the same as compared with November; two indicators turned for the better; but the remaining two got worse.

Bank loans to private enterprises increased, an alarming sign that the domestic money supply might swell too fast, the officials warned.

Employment in nonfarming sectors rose and export orders placed with local makers increased. All these factors pointed to continuing improvement in the domestic economy.

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